

# 2015

## Annual Financial Report



**Fairway 17**  
**Aztec Municipal Golf Course at Hidden Valley**



City of Aztec  
Year Ended June 30, 2015



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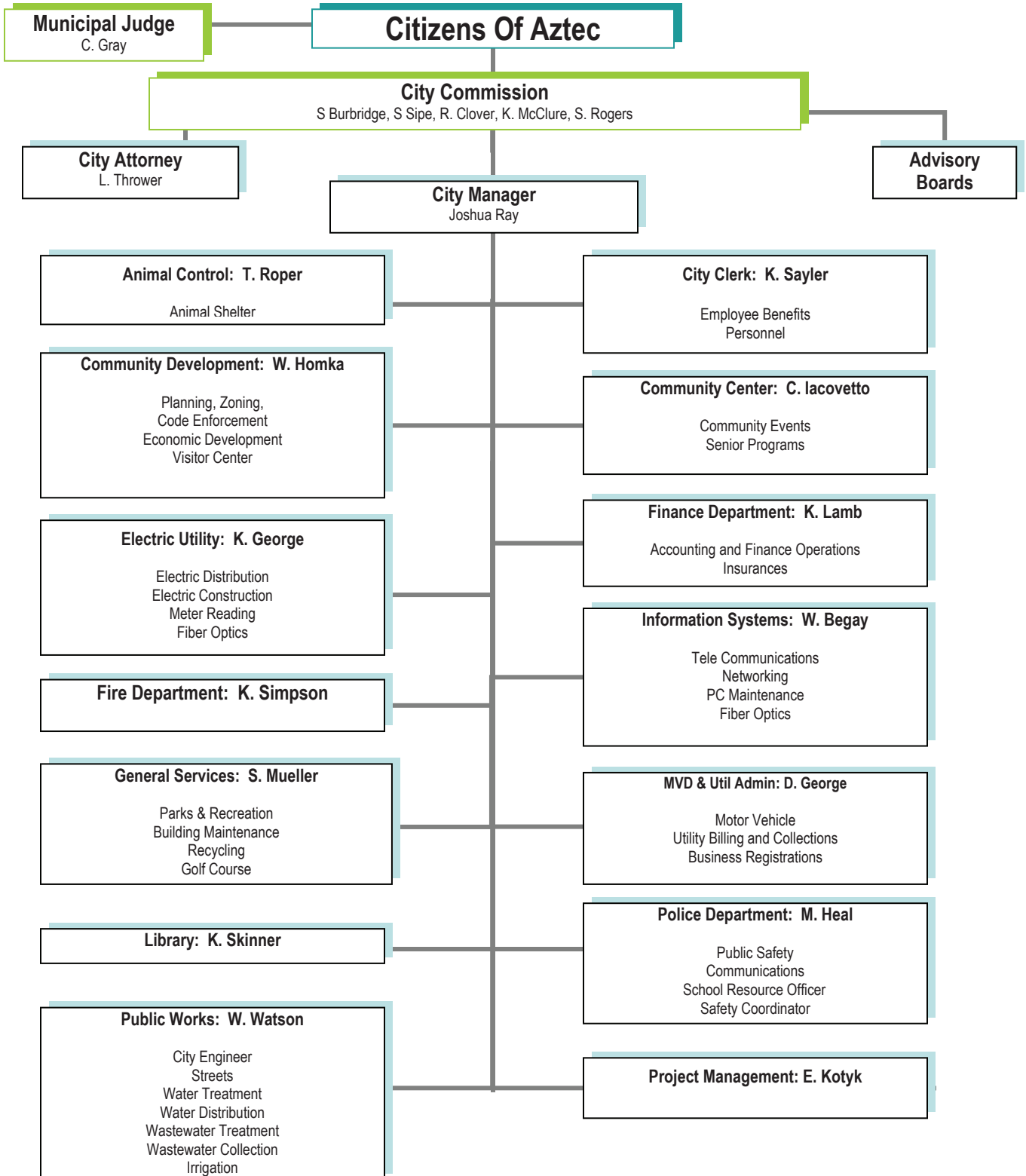
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# CITY OF AZTEC, NEW MEXICO

## ORGANIZATIONAL CHART

June 30, 2015



**STATE OF NEW MEXICO**

**CITY OF AZTEC**

**List of Principal Officials**

**June 30, 2015**

<u>Title</u>	<u>Name</u>
Mayor.....	Sally Burbridge
Mayor Pro-Tem.....	Sherri A. Sipe
City Commissioner.....	Roberta S. Clover
City Commissioner.....	Katee McClure
City Commissioner.....	Sheri L. Rogers
City Manager.....	Joshua Ray
Finance Director.....	Kathy Lamb

## INDEPENDENT AUDITOR'S REPORT

To the City Commission  
City of Aztec  
and Mr. Tim Keller  
New Mexico State Auditor

### Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the general fund, and the aggregate remaining fund information and the budgetary comparisons for the general fund of the City of Aztec, New Mexico ("City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the City's nonmajor governmental funds, fiduciary fund and the budgetary comparisons for the major enterprise funds and all of the nonmajor funds presented as supplementary information, as defined by the Government Accounting Standards Board, in the accompanying combining and individual fund financial statements as of and for the year ended June 30, 2015, as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the general fund, and the aggregate remaining fund information of the City, as of June 30, 2015, and the respective changes in financial position and where applicable, cash flows thereof and the respective budgetary comparisons for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental fund and fiduciary fund of the City as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparisons for the major enterprise funds and all nonmajor funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Change in Accounting Principle**

As discussed in Note 15 to the financial statements, in 2015 the City adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 9 to 20, Schedule of City's Proportionate Share of the Net Pension Liability, and Schedule of City Contributions on pages 66 and 67 to 70, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements, the combining and individual fund financial statements, and the budgetary comparisons. The Additional Other Supplementary Schedules section of the table of contents and the other schedules as required by 2.2.2 NMAC are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other schedules required by Section 2.2.2 NMAC are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in

the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other schedules required by Section 2.2.2 NMAC are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Additional Other Supplementary Schedules section of the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Albuquerque, New Mexico  
December 14, 2015

## Management's Discussion and Analysis

As management of the City of Aztec, we offer readers of the City of Aztec's financial statements this narrative overview and analysis of the financial activities of the City of Aztec for the fiscal year ended June 30, 2015.

### Financial Highlights

The assets and deferred outflows of resources of the City of Aztec exceeded its liabilities at the close of June 30, 2015 by \$57,660,882 (*net position*). Of this amount, \$10,712,852 (*unrestricted net position*) may be used to meet the City's ongoing obligations to its citizens and creditors.

The City's total Net Position decreased by \$5,028,920 (8%) as a result of operations and the implementation of GASBs 68 and 71.

The Statement of Net Position reflects the recording of \$4.1 million in net pension liability, \$421,157 in deferred outflows, and \$1.7 million in deferred inflows to comply with the requirements of GASB Statement No. 68 (GASB 68).

As of the June 30, 2015, the City's governmental funds reported combined ending fund balances of \$5,799,326, a decrease of \$374,351 in comparison with the prior year. Approximately 37.97% of this total fund balance amount (\$2,202,285) is available for spending at the City's discretion (*unassigned fund balance*).

At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the general fund was \$2,202,285, or approximately 33.7% of total general fund expenditures.

### Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Aztec's basic financial statements. The City of Aztec's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** *The government-wide financial statements* (statement of net position and statement of activities) are designed to provide readers with a broad overview of the City of Aztec's financial condition, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City of Aztec's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Aztec is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Aztec that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Aztec include general government, public safety, public works, culture and recreation, and health and welfare. The business-type activities of the City of Aztec include a joint utility fund comprised of electric, water, and wastewater utilities, solid waste operations, irrigation operations and golf course operations.

The government-wide financial statements can be found on pages 22-23 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Aztec, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Aztec can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Aztec maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund which is considered to be a major fund. Data from the other twelve governmental funds are combined into a single, aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements following the notes and RSI to the financial statements (pages 74-79).

The City of Aztec adopts an annual appropriated budget for all of its governmental funds. Budgetary comparison statements have been provided for the governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 25-28 of this report.

**Proprietary funds.** The City of Aztec maintains one type of proprietary fund. *Enterprise Funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Aztec uses four enterprise funds to account for its electric, water, wastewater, solid waste, irrigation and golf course operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the joint utility fund (electric, water, and wastewater operations), solid waste, irrigation and golf course operations.

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reported in the government-wide financial statement because the resources of those funds are *not* available to support the City of Aztec's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The fiduciary fund statements can be found on page 33 of this report.

**Notes to the financial statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 34-64 of this report.

### **Government-wide Overall Financial Analysis**

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the City of Aztec, assets and deferred outflows of resources exceeded liabilities by \$57,660,882 at the close of the most recent fiscal year.

The largest portion of the City of Aztec's net position (\$42,950,415 or 74.5%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related outstanding debt that was used to acquire those assets. The City of Aztec uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the City of Aztec's investment in its capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Another portion of the City of Aztec's net position (\$3,997,615 or 6.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,712,852 (18.6%) is unrestricted and may be used to meet government's ongoing obligations to its citizens and creditors.

### CITY OF AZTEC Net's Position

	Governmental Activities		Business-type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Current and other assets	\$ 7,394,135	\$ 7,429,499	\$15,514,419	\$14,287,874	\$22,908,554	\$21,717,373
Capital assets	21,537,731	22,006,924	28,768,325	29,380,548	50,306,056	51,387,472
Total assets	\$28,931,866	\$29,436,423	\$44,282,744	\$43,668,422	\$73,214,610	\$73,104,845
Deferred Outflows	320,466	-	100,691	-	421,157	-
Long-term liabilities outstanding	6,700,784	1,103,681	4,462,044	1,893,435	11,162,828	2,997,116
Other liabilities	1,397,684	3,707,212	1,713,134	3,710,715	3,110,818	7,417,927
Total liabilities	\$8,098,468	\$4,810,893	\$6,175,178	\$5,604,150	\$14,273,646	\$10,415,043
Deferred Inflows	1,312,510	-	388,729	-	1,701,239	-
Net position:						
Net investment in capital assets	17,883,982	18,187,236	25,066,433	25,384,751	42,950,415	43,571,987
Restricted	3,442,615	2,528,759	555,000	555,000	3,997,615	3,083,759
Unrestricted	(1,485,243)	3,909,535	12,198,095	12,124,521	10,712,852	16,034,056
Total net position	\$19,841,354	\$24,625,530	\$37,819,528	\$38,064,272	\$57,660,882	\$62,689,802

At the end of the current fiscal year, the City of Aztec is able to report positive balances in all reported categories of net position, both for the government as a whole, as well as for its separate government and business-type activities. The same situation held true for the prior fiscal year.

The City of Aztec's net position decreased \$5,028,920 from the prior fiscal year. The reasons for this overall decrease are discussed in the following sections for governmental activities and business-type activities.

Effective July 1, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 68 which is an accounting change that requires the recording of a net pension liability to be reported in the financial statements of state and local government employers. For the fiscal year ending June 30, 2015, the first year of the accounting change, the impact of GASB 68 on the City's financial statements was a total of \$4,131,819 being recorded as a net pension liability. See Note 15 of the notes to the basic financial statements for additional information on the impact of this accounting change on the City's financial statements.

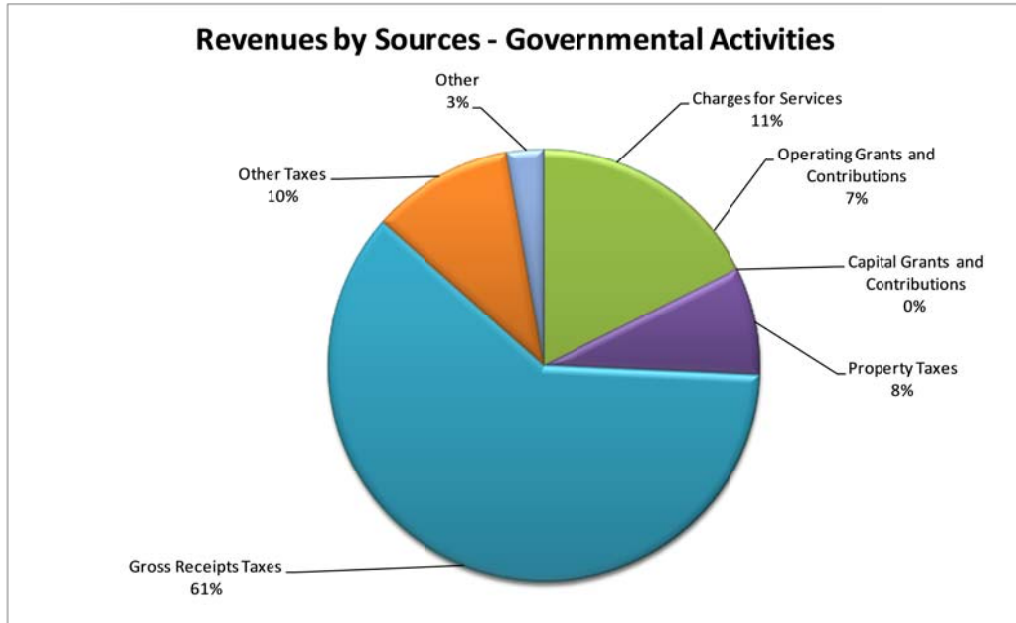
**Governmental activities.** During the current fiscal year, net position for governmental activities decreased by \$4,784,176 from the prior fiscal year for an ending balance of \$19,841,354. The decrease is the result of a combination of factors:

- A restatement of the net position as of July 1 decreased by \$4,287,348 the result of GASB 68, net pension liability.
- Combined tax revenue (property, gross receipts, and other) decreased by \$93,921 or 1.7% from the prior fiscal year.

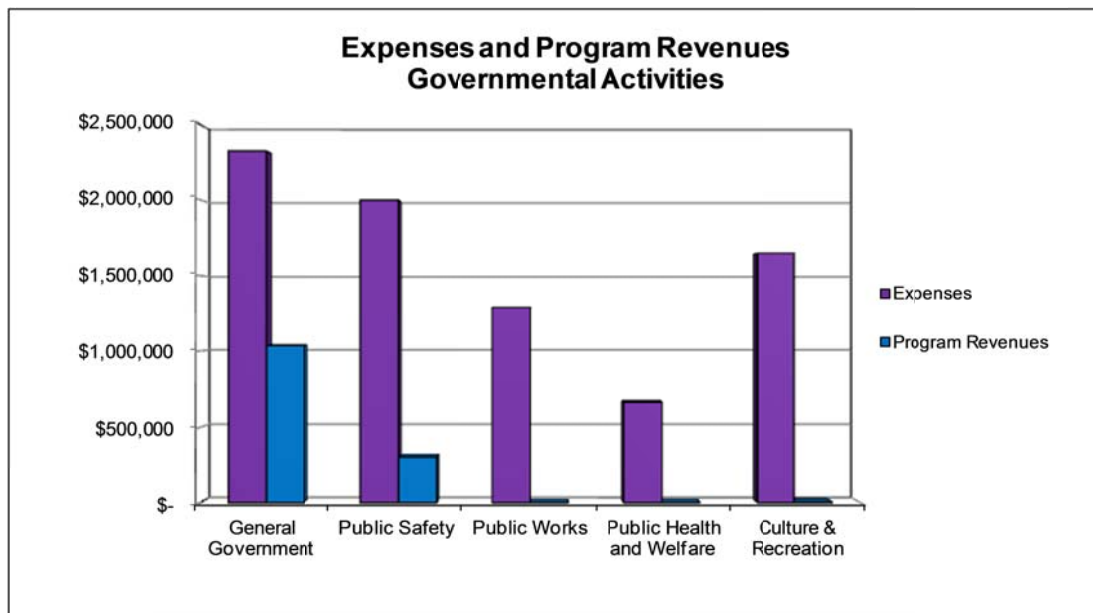
- Operating and capital grants and contributions decreased \$1,182,335 or 30.2% from the prior fiscal year.
- Expenditures decreased \$429,841 or 5% from the prior fiscal year.

<b>CITY OF AZTEC's Change in Net Position</b>						
	Governmental Activities		Business-Type Activities		Total	
	FY 2015	FY 2014	FY 2015	FY 2014	FY 2015	FY 2014
Revenues:						
Program Revenues:						
Charges for Services	\$835,378	\$821,473	\$10,496,531	\$10,514,187	\$11,331,909	\$11,335,660
Operating Grants and contributions	511,129	793,464	-	-	511,129	793,464
Capital Grants and contributions	-	900,000	25,401	70,915	25,401	970,915
General Revenues:						
Property Taxes	617,819	631,249	-	-	617,819	631,249
GRT Taxes	4,646,288	4,761,159	96,873	99,433	4,743,161	4,860,592
Other Taxes	816,686	795,736	-	-	816,686	795,736
Other	211,637	213,788	321,292	229,172	532,929	442,960
<b>Total Revenues</b>	<b>7,638,937</b>	<b>8,916,869</b>	<b>10,940,097</b>	<b>10,913,707</b>	<b>18,579,034</b>	<b>19,830,576</b>
Expenses:						
General Government	2,326,401	1,964,074	-	-	2,326,401	1,964,074
Public Safety	1,997,270	2,165,969	-	-	1,997,270	2,165,969
Public Works	1,290,631	1,681,645	-	-	1,290,631	1,681,645
Public Health & Welfare	665,443	900,447	-	-	665,443	900,447
Culture & Recreation	1,647,198	1,638,610	-	-	1,647,198	1,638,610
Interest, Long Term Debt	173,822	179,861	-	-	173,822	179,861
Joint Utility			9,037,980	9,392,921	9,037,980	9,392,921
Solid Waste			706,207	729,951	706,207	729,951
Irrigation			8,259	7,759	8,259	7,759
Golf Course			128,158	-	128,158	-
<b>Total Expenses</b>	<b>8,100,765</b>	<b>8,530,606</b>	<b>9,880,604</b>	<b>10,130,631</b>	<b>17,981,369</b>	<b>18,661,237</b>
Increase (decrease) in net position before transfers	(461,828)	386,263	1,059,493	783,076	597,665	1,169,339
Transfers	(35,000)	-	35,000	-	-	-
Increase (decrease) in net position	(496,828)	386,263	1,094,493	783,076	597,665	1,169,339
Net position – July 1	24,625,530	24,239,267	38,064,272	37,281,196	62,689,802	61,520,463
Net position – July 1 as restated	20,338,182	-	36,725,035	-	57,063,217	
<b>Net position – June 30</b>	<b>\$19,841,354</b>	<b>\$24,625,530</b>	<b>\$37,819,528</b>	<b>\$38,064,272</b>	<b>\$57,660,882</b>	<b>\$62,689,802</b>

The following chart shows the governmental activities by source. Gross receipts taxes provide 61% of the total revenues of the governmental activities. Program revenues including charges for services and grant and contributions provide 18% of the revenues in governmental revenues. Property taxes provided 8% of the revenues for governmental activities.



The chart below shows the extent to which expenses of the various functions of governmental activities are covered by program revenues.

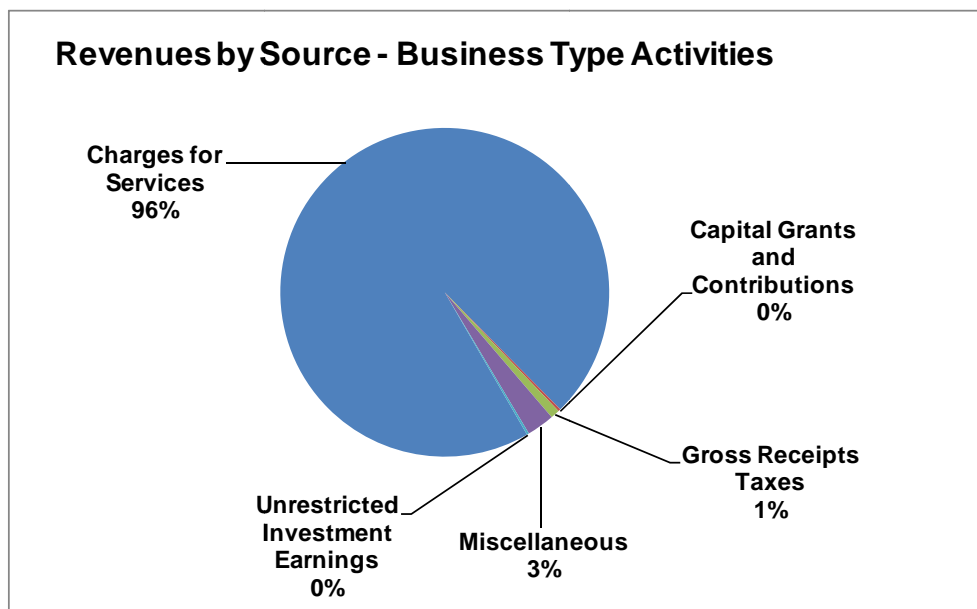
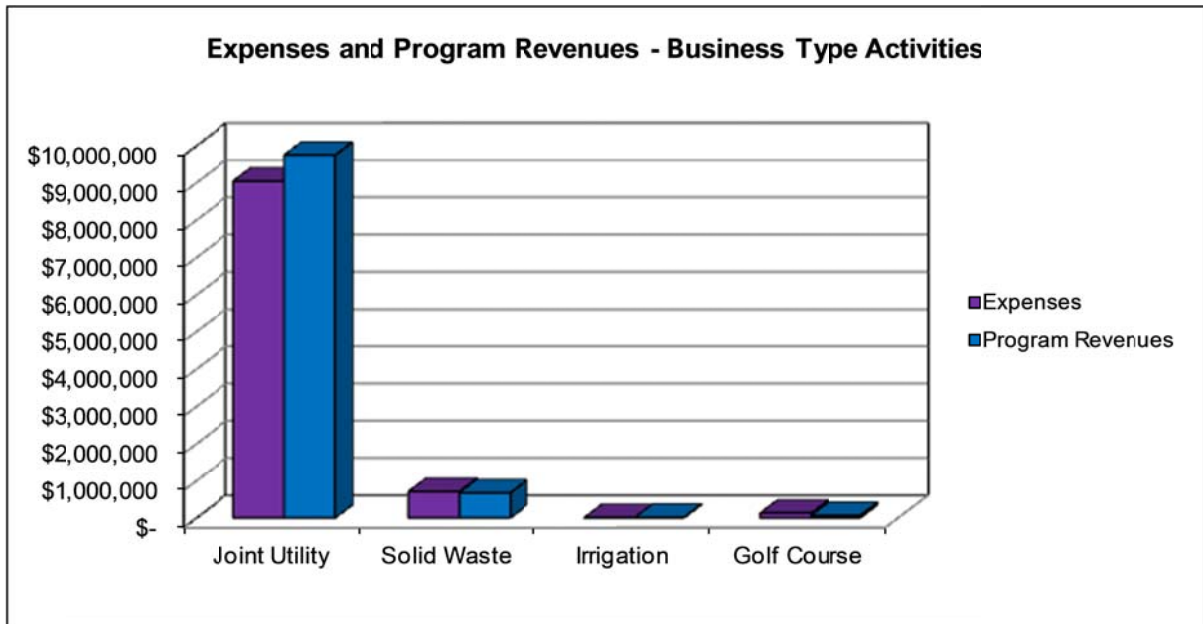


Note: This chart does not include tax revenues which are the primary source for most governmental activities.



**Business-type activities.** For the City of Aztec’s business-type activities, the net position ending balance is \$37,819,528 and is a decrease of \$244,744 or 0.6%, prior to restatement of beginning net position. Key financial elements of the past year are as follows:

- A restatement of the net position as of July 1 decreased by \$1,339,237 the result of GASB 68, net pension liability.
- Operating expenses are 95.2 percent of revenues, resulting in \$501,700 in operating income.
- Total joint utility fund operating revenues decreased by \$68,663 or 0.7%.

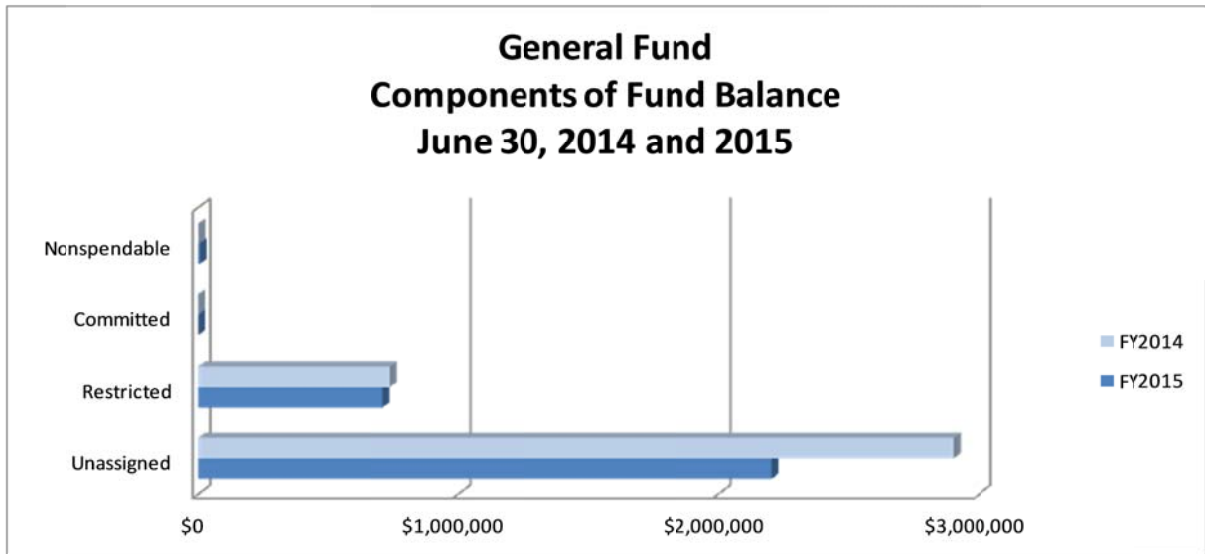


## Financial Analysis of the Government's Funds

As noted earlier, the City of Aztec uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City of Aztec's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Aztec's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City of Aztec itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City of Aztec's Commission.

As of the June 30, 2015, the City of Aztec's governmental funds reported combined fund balances of \$5,799,326, a decrease of \$374,351 in comparison with the prior year. Approximately 38% of this total amount or \$2,202,285 constitutes *unassigned fund balance* which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *restricted*, *committed*, or *assigned* to indicate that it is 1) not in spendable form (\$10,649), 2) restricted for particular purposes (\$3,431,876) or 3) committed for a particular purpose (\$154,426).



**General Fund.** The general fund is the chief operating fund of the City of Aztec. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,202,285, while total fund balance decreased to \$2,921,523. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 34% of total fund expenditures, while total fund balance represents 45% of the same amount.

The fund balance of the City of Aztec's general fund decreased \$723,395 or 20% during the current fiscal year.

General Fund revenue decreased by \$430,557 or 6%. Revenue categories contributing to the decrease in general fund revenue include property tax, franchise tax, and intergovernmental revenues.

Tax revenues decreased \$120,142 (2%). Gross receipts tax decreased \$95,196 (2%). Property tax decreased \$13,430 (2%). Franchise taxes decreased 11,516 (2%), a combination of increased revenues in cable tv, natural gas and city operated utilities. The reductions are a reflection of the reduced

Intergovernmental revenues decreased \$297,713 (52%). Operating and capital grants decreased by \$290,557 (50%) primarily the result of disaster funding through federal and state agencies related to a flood event in 2013.

Fine revenue decreased \$19,437 (4.7%)

Investment earnings decreased \$1,121, the result of continuing low interest rates and reduced cash reserves.

General Fund expenditures for FY2015 decreased \$499,942 (7%), compared to FY14. Changes in expenditures contributing to the decrease:

- Personnel decreased by \$96,070: Cost of living adjustment (1.5%), merit increases (maximum 2.5%); health insurance increase (10%),
- Supplies, materials, and services expenditures decreased by \$183,370.
- Capital expenditures decreased 378,696.

**Proprietary funds.** The City of Aztec's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the joint utility fund at the end of the year amounted to \$11,985,584, for solid waste \$143,509, for irrigation \$88,749, and golf course \$(19,747). The total growth in net position for the joint utility fund was \$256,071. The net position for solid waste fund decreased \$52,386, the result of management's decision to absorb rate increases in contractual solid waste services rather than increasing utility rates to its citizens. The irrigation fund decrease of \$43,661 was the result of improvements to irrigation structures (construction in progress). The golf course fund deficit is the result of the net pension liability. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Aztec's business-type activities.

### **General Fund Budgetary Highlights**

**Original budget compared to final budget.** During the fiscal year, the City Commission approved two adjustments to the City's budget, the result of the City assuming operations of the Municipal Airport and Hidden Valley Golf Course.

Differences between the original budget and the final amended budget was an increase of \$40,000 which represents less than a one percent increase in appropriations. The adjustments were adjustments to operating transfers from the general fund to the road fund, airport fund and golf course funds.

**Final budget compared to actual results.** The most significant differences between estimated revenues and actual revenues were as follows:

<u>Revenue Source</u>	<u>Estimated revenues</u>	<u>Actual revenues</u>	<u>Difference</u>
Taxes	\$5,165,072	\$5,100,303	(\$64,769)
Intergovernmental	\$190,724	\$280,282	\$89,558
Charges for Services	\$508,970	\$487,322	(\$21,648)
Fines	\$372,000	\$395,527	(\$23,527)

Investment earnings were less than estimated, (\$158 less, 3.2%), due to reduced cash reserves and continuing low interest rates.

A review of actual expenditures compared to the appropriations in the final budget yields a positive variance of \$1,576,003, the result of managements continuing efforts in monitoring daily governmental operations.

### Capital Asset and Debt Administration

**Capital assets.** The City of Aztec's investment in capital assets for its governmental and business type activities as of June 30, 2015, amounts to \$50,306,056 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, utility systems, machinery and equipment, park facilities, roads, highways, and bridges. The total decrease in capital assets for the current fiscal year was approximately 2%.

<b>City of Aztec's Capital Assets</b>						
<b>(net of depreciation)</b>						
	Governmental Activities		Business-Type Activities		Total	
	FY2015	FY2014	FY2015	FY2014	FY2015	FY2014
Land	\$669,435	\$663,435	\$823,343	\$762,302	\$1,492,778	\$1,425,737
Buildings & System	5,595,548	5,853,067	26,189,244	26,415,014	31,784,792	32,268,081
Improvements	2,599,572	2,504,356	-	-	2,599,572	2,504,356
Machinery & Equipment	1,788,296	1,838,609	1,068,643	1,072,456	2,856,939	2,911,065
Infrastructure	10,702,098	9,699,408	-	-	10,702,098	9,699,408
Construction in Progress	182,782	1,448,048	687,095	1,130,778	869,877	2,578,826
<b>Total</b>	<b>\$21,537,731</b>	<b>\$22,006,923</b>	<b>\$28,768,325</b>	<b>\$1,130,778</b>	<b>\$50,306,056</b>	<b>\$51,387,473</b>

Major capital asset events during this fiscal year including the following:

- S Lightplant Sidewalk Replacement
- S Church, 300 Block, Sidewalk Replacement
- Florence Park Playground
- Scheduled replacement of vehicles and equipment

Additional information on the City of Aztec’s capital assets can be found in note 5 on pages 47-49 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Aztec had no bonded debt outstanding.

<b>City of Aztec Outstanding Debt</b>						
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>FY2015</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2014</u>	<u>FY2015</u>	<u>FY2014</u>
NMFA – Library	\$646,135	\$760,300	-	-	\$646,135	\$760,300
NMFA – Capital Projects	3,007,614	3,059,388	-	-	3,007,614	3,059,388
NMED – Wastewater Plant	-	-	\$3,701,892	\$4,151,841	3,701,892	4,151,841
<b>Total</b>	<b>\$3,653,749</b>	<b>\$3,819,688</b>	<b>\$3,701,892</b>	<b>\$4,151,841</b>	<b>\$7,355,641</b>	<b>\$7,971,529</b>

Additional information on the City of Aztec’s long-term debt can be found in note 7 on pages 50-52 of this report.

**Debt limitation.** Article IX, Section 13 of the State Constitution limits the powers of the City to incur general obligation debt in an aggregate amount, including existing indebtedness, not to exceed four percent of the value of the taxable property in the City as shown by the last preceding general assessments. The City may, however, contract debt in excess of such limitation for the construction or purchase of a system for supplying water or a sewer system for the City. Based on the 2014 assessed valuation of \$123,759,287, the City’s general obligation debt limit is \$4,950,371. The City presently has no general obligation bonds outstanding.

The City of Aztec has been approved for a Clean Water State Revolving Fund loan administered through New Mexico Environment Department. The loan will be secured with Joint Utility Fund net system revenues. The amount of the loan is \$5,050,000, 3% for 20 years, proceeds are for the replacement and enlargement of the wastewater interceptor line. It is anticipated construction will be completed in the fall of 2016 and the first debt service payment will be due one year after completion of the project.

## **Economic Factors and Next Year's Budgets and Rates**

The following economic factors currently affect the City of Aztec and were considered in developing the 2015-2016 fiscal year budget.

- Continued low activity in the oil & gas sector in the region impacting gross receipts tax and property tax revenues in multiple sectors. This will continue to result in conservative tax revenue estimates government wide.
- Interest rates are expected to remain at low levels throughout fiscal year 2015-2016.
- On the expenditure side, personnel costs increases include 3% increase in group health insurance premiums, 1.6% COLA increase and 2.4% merit increase.
- Construction interest on the CWSRF loan for the wastewater outfall included in budget.

During the current fiscal year, the unassigned fund balance in the general fund was \$2,202,285. The City of Aztec has appropriated \$2,133,304 of this amount for spending in the 2015-2016 fiscal year budget. This action was taken as an additional measure to mitigate the impact of the recession on the 2015-2016 fiscal year budget.

## **Requests for Information**

This financial report is designed to provide a general overview of the City of Aztec's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 201 W Chaco, Aztec, NM 87410.

## **BASIC FINANCIAL STATEMENTS**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF NET POSITION  
June 30, 2015**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS</b>			
<b>Current assets</b>			
Cash, investments and cash equivalents	\$ 4,326,205	13,151,330	17,477,535
Cash with fiscal agent	510,772	-	510,772
Accounts receivable, net	-	1,175,264	1,175,264
Interest receivable	-	8,095	8,095
Intergovernmental receivable	2,466,738	19,794	2,486,532
Other receivables	79,771	-	79,771
Inventories	-	1,153,846	1,153,846
Prepaid items	10,649	6,090	16,739
<b>Total current assets</b>	<b>7,394,135</b>	<b>15,514,419</b>	<b>22,908,554</b>
Capital assets:			
Non-depreciable assets	852,217	1,510,438	2,362,655
Depreciable assets, net	20,685,514	27,257,887	47,943,401
<b>Total assets</b>	<b>28,931,866</b>	<b>44,282,744</b>	<b>73,214,610</b>
<b>DEFERRED OUTFLOWS - Pension Related</b>	<b>320,466</b>	<b>100,691</b>	<b>421,157</b>
<b>LIABILITIES AND DEFERRED INFLOWS</b>			
<b>Current liabilities</b>			
Accounts payable	410,934	784,090	1,195,024
Accrued payroll expenses	535,760	64,011	599,771
Interest payable	-	228	228
Unearned revenue	-	17,849	17,849
Customer deposits	-	353,249	353,249
Other liabilities	598	148,736	149,334
Due within one year			
Bonds, notes and loans payable	173,520	231,746	405,266
Compensated absences	276,872	113,225	390,097
<b>Total current liabilities</b>	<b>1,397,684</b>	<b>1,713,134</b>	<b>3,110,818</b>
Due in more than one year			
Bonds, notes and loans payable	3,480,229	3,470,146	6,950,375
Compensated absences	80,634	-	80,634
Net Pension Liability	3,139,921	991,898	4,131,819
<b>Total liabilities</b>	<b>8,098,468</b>	<b>6,175,178</b>	<b>14,273,646</b>
<b>DEFERRED INFLOWS - Pension Related</b>	<b>1,312,510</b>	<b>388,729</b>	<b>1,701,239</b>
<b>NET POSITION</b>			
Net investment in capital assets	17,883,982	25,066,433	42,950,415
Restricted for			
Special projects	2,448,675	-	2,448,675
Debt service	-	555,000	555,000
Capital outlay	993,940	-	993,940
Unrestricted (Deficit)	(1,485,243)	12,198,095	10,712,852
<b>Total net position</b>	<b>\$ 19,841,354</b>	<b>37,819,528</b>	<b>57,660,882</b>

See Notes to Financial Statements.



**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary government</b>							
<b>Governmental activities</b>							
General government	\$ 2,326,401	747,857	287,438	-	(1,291,106)	-	(1,291,106)
Public safety	1,997,270	83,521	223,691	-	(1,690,058)	-	(1,690,058)
Public works	1,290,631	-	-	-	(1,290,631)	-	(1,290,631)
Public health and welfare	665,443	-	-	-	(665,443)	-	(665,443)
Culture and recreation	1,647,198	4,000	-	-	(1,643,198)	-	(1,643,198)
Interest on long-term debt	173,822	-	-	-	(173,822)	-	(173,822)
<b>Total governmental activities</b>	<b>8,100,765</b>	<b>835,378</b>	<b>511,129</b>	<b>-</b>	<b>(6,754,258)</b>	<b>-</b>	<b>(6,754,258)</b>
<b>Business-Type Activities</b>							
Joint utility	9,037,980	9,748,818	-	25,401	-	736,239	736,239
Solid waste	706,207	672,228	-	-	-	(33,979)	(33,979)
Irrigation assessment	8,259	13,159	-	-	-	4,900	4,900
Golf Course	128,158	62,326	-	-	-	(65,832)	(65,832)
<b>Total business-type activities</b>	<b>9,880,604</b>	<b>10,496,531</b>	<b>-</b>	<b>25,401</b>	<b>-</b>	<b>641,328</b>	<b>641,328</b>
<b>Total primary government</b>	<b>\$ 17,981,369</b>	<b>11,331,909</b>	<b>511,129</b>	<b>25,401</b>	<b>(6,754,258)</b>	<b>641,328</b>	<b>(6,112,930)</b>
<b>General revenues and transfers</b>							
<b>Taxes</b>							
Property taxes					\$ 617,819	-	617,819
Gross receipts tax					4,646,288	96,873	4,743,161
Franchise tax					577,449	-	577,449
Other taxes					239,237	-	239,237
<b>Transfers</b>					(35,000)	35,000	-
Miscellaneous					202,075	300,654	502,729
Unrestricted investment earnings					11,784	24,155	35,939
Loss on disposition of capital assets					(2,222)	(3,517)	(5,739)
<b>Total general revenues and transfers</b>					<b>6,257,430</b>	<b>453,165</b>	<b>6,710,595</b>
<b>Change in net position</b>					<b>(496,828)</b>	<b>1,094,493</b>	<b>597,665</b>
Net position, beginning					24,625,530	38,064,272	62,689,802
Restatement (Note 15)					(4,287,348)	(1,339,237)	(5,626,585)
Net position, beginning as restated					20,338,182	36,725,035	57,063,217
<b>Net position, ending</b>					<b>\$ 19,841,354</b>	<b>37,819,528</b>	<b>57,660,882</b>

See Notes to Financial Statements.

**Governmental Fund Financial Statements**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2015**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>			
Cash, investments and cash equivalents	\$ 2,709,316	1,616,889	4,326,205
Cash with fiscal agent	-	510,772	510,772
Intergovernmental receivables	1,476,207	990,531	2,466,738
Other receivables	64,477	15,294	79,771
Prepaid items	5,536	5,113	10,649
Due from other funds	4,724	-	4,724
<b>Total assets</b>	<b>\$ 4,260,260</b>	<b>3,138,599</b>	<b>7,398,859</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 150,736	260,198	410,934
Accrued payroll expenses	535,760	-	535,760
Other liabilities	-	598	598
Due to other funds	4,724	-	4,724
<b>Total liabilities</b>	<b>691,220</b>	<b>260,796</b>	<b>952,016</b>
<b>DEFERRED INFLOWS</b>			
Property taxes	647,517	-	647,517
<b>Total deferred inflows</b>	<b>647,517</b>	<b>-</b>	<b>647,517</b>
<b>FUND BALANCES</b>			
Nonspendable:			
Prepaid items	5,536	5,113	10,649
Restricted to:			
Public safety	-	514,597	514,597
Lodgers promotion	-	62,936	62,936
Capital projects	-	537,127	537,127
Debt service	-	1,603,604	1,603,604
Subsequent years expenditures	713,702	-	713,702
Committed to:			
Economic development	-	113,009	113,009
Culture and recreation	-	41,417	41,417
Unassigned	2,202,285	-	2,202,285
<b>Total fund balances</b>	<b>2,921,523</b>	<b>2,877,803</b>	<b>5,799,326</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 4,260,260</b>	<b>3,138,599</b>	<b>7,398,859</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
RECONCILIATION OF THE BALANCE SHEET  
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION  
Year Ended June 30, 2015**

	<u>Governmental Activities</u>
<b>Total Fund Balance Governmental Funds</b>	
<b>Governmental Funds Balance Sheet</b>	\$ 5,799,326
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:</p>	
Cost of capital assets	38,007,793
Accumulated depreciation	<u>(16,470,062)</u>
<b>Total capital assets</b>	<u>21,537,731</u>
Defined benefit pension plan deferred outflows are not financial resources and, therefore, are not reported in the funds.	320,466
Some revenues will not be available to pay for current period expenditures and, therefore, are recorded as deferred inflows in the governmental funds.	647,517
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Bonds, notes and loans payable	(3,653,749)
Compensated absences	(357,506)
Net Pension liability	<u>(3,139,921)</u>
<b>Total long-term and other liabilities</b>	<u>(7,151,176)</u>
Defined benefit pension plan deferred inflows are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(1,312,510)</u>
<b>Net position of governmental activities (Statement of Net Position)</b>	<u><u>\$ 19,841,354</u></u>

*See Notes to Financial Statements.*

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes:			
Property	\$ 617,819	-	617,819
Gross receipts	3,871,199	775,089	4,646,288
Franchise	577,449	-	577,449
Other	-	239,237	239,237
Licenses and permits	64,161	4,000	68,161
Intergovernmental - federal	61,072	-	61,072
Intergovernmental - state	117,660	230,847	348,507
Intergovernmental - other	101,550	-	101,550
Charges for services	274,842	100,062	374,904
Fines	392,313	-	392,313
Investment earnings	4,842	6,942	11,784
Miscellaneous	184,764	17,311	202,075
<b>Total revenues</b>	<b>6,267,671</b>	<b>1,373,488</b>	<b>7,641,159</b>
Expenditures			
Current			
General government	2,210,472	76,366	2,286,838
Public safety	1,716,091	171,545	1,887,636
Public works	670,652	114,270	784,922
Public health and welfare	629,950	-	629,950
Culture and recreation	969,078	90,530	1,059,608
Capital outlay	337,823	653,972	991,795
Debt service			
Principal	-	165,939	165,939
Interest	-	173,822	173,822
<b>Total expenditures</b>	<b>6,534,066</b>	<b>1,446,444</b>	<b>7,980,510</b>
Excess (deficiency) of revenues over (under) expenditures before other financings sources (uses)	(266,395)	(72,956)	(339,351)
Other Financing Sources (Uses)			
Transfers, in	-	422,000	422,000
Transfers, out	(457,000)	-	(457,000)
<b>Total other financing sources (uses)</b>	<b>(457,000)</b>	<b>422,000</b>	<b>(35,000)</b>
<b>Net change in fund balances</b>	<b>(723,395)</b>	<b>349,044</b>	<b>(374,351)</b>
Fund balances, beginning of year	3,644,918	2,528,759	6,173,677
<b>Fund balances, end of year</b>	<b>\$ 2,921,523</b>	<b>2,877,803</b>	<b>5,799,326</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
Year Ended June 30, 2015**

<b>Net Change in Fund Balances - Total Governmental Funds (Statement of Revenue, Expenditures, and Changes in Fund Balances)</b>	<b>\$ (374,351)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Expenditures for capital assets	991,795
Loss on disposition of capital assets	(2,222)
Depreciation expense	(1,458,766)
	<u>(469,193)</u>

Revenues in the governmental funds that provide current financial resources are not included in the Statement of Activities because they were recognized in a prior period.

Property taxes	16,431
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The issuance of long-term debt (e.g. bonds, loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction; however, has any effect on net position.

The following table represents the changes in long-term debt for the fiscal year:

Change in bonds, notes, and loans payable	165,939
Change in compensated absences	(20,595)
Change in accrued interest on long-term debt	29,558
Change in net pension liability	155,383
	<u>330,285</u>

<b>Change in net position in governmental activities</b>	<b>\$ (496,828)</b>
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*See Notes to Financial Statements.*

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**GENERAL FUND**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes	\$ 5,165,072	5,165,072	5,066,467	(98,605)
Licenses and permits	28,686	28,686	64,161	35,475
Intergovernmental	479,724	479,724	280,282	(199,442)
Charges for services	222,970	222,970	274,842	51,872
Fines	369,000	369,000	392,313	23,313
Investment earnings	5,000	5,000	4,842	(158)
Miscellaneous	75,750	75,750	184,764	109,014
<b>Total revenues</b>	<b>6,346,202</b>	<b>6,346,202</b>	<b>6,267,671</b>	<b>(78,531)</b>
<b>Expenditures</b>				
<b>Current</b>				
General government	2,382,902	2,387,210	2,210,472	176,738
Public safety	1,965,035	1,965,035	1,716,091	248,944
Public works	1,321,531	1,208,895	670,652	538,243
Public health and welfare	920,752	940,961	629,950	311,011
Culture and recreation	1,126,685	1,141,197	969,078	172,119
Capital outlay	382,522	501,129	337,823	163,306
<b>Debt service</b>				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>8,099,427</b>	<b>8,144,427</b>	<b>6,534,066</b>	<b>1,610,361</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(1,753,225)	(1,798,225)	(266,395)	1,531,830
<b>Other Financing Sources (Uses)</b>				
Transfers, in	-	-	-	-
Transfers, out	(465,000)	(440,000)	(457,000)	(17,000)
<b>Total other financing sources (uses)</b>	<b>(465,000)</b>	<b>(440,000)</b>	<b>(457,000)</b>	<b>(17,000)</b>
<b>Net change in fund balances</b>	<b>(2,218,225)</b>	<b>(2,238,225)</b>	<b>(723,395)</b>	<b>1,514,830</b>
Fund balances, beginning of year	3,644,918	3,644,918	3,644,918	-
<b>Fund balances, end of year</b>	<b>\$ 1,426,693</b>	<b>1,406,693</b>	<b>2,921,523</b>	<b>1,514,830</b>

STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF NET POSITION - PROPRIETARY FUNDS  
June 30, 2015

ASSETS	Enterprise Funds				Total
	Joint Utility Fund	Solid Waste Fund	Irrigation		
			Assessment Fund	Golf Course Fund	
<b>Current Assets</b>					
Cash and cash equivalents	\$ 12,869,792	171,216	94,173	16,149	13,151,330
Accounts receivable, net	1,115,681	54,943	705	3,935	1,175,264
Interest receivable	8,095	-	-	-	8,095
Intergovernmental receivable	19,721	73	-	-	19,794
Inventories	1,153,846	-	-	-	1,153,846
Prepaid items	1,286	-	-	4,804	6,090
<b>Total current assets</b>	<b>15,168,421</b>	<b>226,232</b>	<b>94,878</b>	<b>24,888</b>	<b>15,514,419</b>
<b>Noncurrent Assets</b>					
Capital assets:					
Land and land rights	823,343	-	-	-	823,343
Construction in progress	633,067	-	54,028	-	687,095
Building and system	41,276,789	-	-	-	41,276,789
Machinery and equipment	3,796,323	51,752	146,341	-	3,994,416
Less accumulated depreciation	(17,879,739)	(48,659)	(84,920)	-	(18,013,318)
<b>Total noncurrent assets</b>	<b>28,649,783</b>	<b>3,093</b>	<b>115,449</b>	<b>-</b>	<b>28,768,325</b>
<b>Total assets</b>	<b>43,818,204</b>	<b>229,325</b>	<b>210,327</b>	<b>24,888</b>	<b>44,282,744</b>
<b>DEFERRED OUTFLOWS - PENSION RELATED</b>	<b>96,838</b>	<b>1,754</b>	<b>-</b>	<b>2,099</b>	<b>100,691</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Accounts payable	712,952	56,429	6,129	8,580	784,090
Accrued payroll expenses	56,285	639	-	7,087	64,011
Accrued interest	228	-	-	-	228
Unearned revenue	17,849	-	-	-	17,849
Customer deposits	353,238	11	-	-	353,249
Other liabilities	144,907	2,769	-	1,060	148,736
Compensated absences, current	111,419	579	-	1,227	113,225
Bonds, notes and loans payable, current	231,746	-	-	-	231,746
<b>Total current liabilities</b>	<b>1,628,624</b>	<b>60,427</b>	<b>6,129</b>	<b>17,954</b>	<b>1,713,134</b>
<b>Non-Current Liabilities</b>					
Bonds, notes and loans payable, net of current	3,470,146	-	-	-	3,470,146
Net pension liability	953,943	17,278	-	20,677	991,898
<b>Total non-current liabilities</b>	<b>4,424,089</b>	<b>17,278</b>	<b>-</b>	<b>20,677</b>	<b>4,462,044</b>
<b>Total liabilities</b>	<b>6,052,713</b>	<b>77,705</b>	<b>6,129</b>	<b>38,631</b>	<b>6,175,178</b>
<b>DEFERRED INFLOWS - PENSION RELATED</b>	<b>373,854</b>	<b>6,772</b>	<b>-</b>	<b>8,103</b>	<b>388,729</b>
<b>NET POSITION</b>					
Net investment in capital assets	24,947,891	3,093	115,449	-	25,066,433
Restricted for debt service	555,000	-	-	-	555,000
Unrestricted (Deficit)	11,985,584	143,509	88,749	(19,747)	12,198,095
<b>Total net position</b>	<b>\$ 37,488,475</b>	<b>146,602</b>	<b>204,198</b>	<b>(19,747)</b>	<b>37,819,528</b>

See Notes to Financial Statements.



STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN  
NET POSITION - PROPRIETARY FUNDS  
Year Ended June 30, 2015

	Enterprise Funds				Total
	Joint Utility Fund	Solid Waste Fund	Irrigation Assessment Fund	Golf Course Fund	
Operating Revenues					
Charges for Services	\$ 9,748,818	672,228	13,159	62,326	10,496,531
Intergovernmental - federal	21,772	-	-	-	21,772
Intergovernmental - state	3,629	-	-	-	3,629
Miscellaneous	259,562	2,096	-	38,996	300,654
<b>Total operating revenues</b>	<b>10,033,781</b>	<b>674,324</b>	<b>13,159</b>	<b>101,322</b>	<b>10,822,586</b>
Operating Expenses					
Salaries and fringe benefits	1,375,757	23,312	-	51,537	1,450,606
Purchased power, fuel and chemicals	3,703,808	-	-	-	3,703,808
Other operating expenses	1,773,410	680,518	2,977	76,621	2,533,526
Payment in lieu of taxes	478,819	-	-	-	478,819
Depreciation and amortization	1,631,121	2,377	5,282	-	1,638,780
<b>Total operating expenses</b>	<b>8,962,915</b>	<b>706,207</b>	<b>8,259</b>	<b>128,158</b>	<b>9,805,539</b>
Operation income (loss)	1,070,866	(31,883)	4,900	(26,836)	1,017,047
Non-Operating Revenues (Expenses)					
Investment earnings	23,614	349	185	7	24,155
Gross receipts tax	96,873	-	-	-	96,873
Interest expense	(78,582)	-	-	-	(78,582)
<b>Total non-operating revenue (expenses)</b>	<b>41,905</b>	<b>349</b>	<b>185</b>	<b>7</b>	<b>42,446</b>
Income (loss) before contributions and transfers	1,112,771	(31,534)	5,085	(26,829)	1,059,493
Transfers, in	839,992	-	-	35,000	874,992
Transfers, out	(839,992)	-	-	-	(839,992)
<b>Change in net position</b>	<b>1,112,771</b>	<b>(31,534)</b>	<b>5,085</b>	<b>8,171</b>	<b>1,094,493</b>
Net position, beginning of year	37,663,694	201,465	199,113	-	38,064,272
Restatement (Note 15)	(1,287,990)	(23,329)	-	(27,918)	(1,339,237)
Net position, beginning of year, as restated	36,375,704	178,136	199,113	(27,918)	36,725,035
<b>Net position, end of year</b>	<b>\$ 37,488,475</b>	<b>146,602</b>	<b>204,198</b>	<b>(19,747)</b>	<b>37,819,528</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
Year Ended June 30, 2015**

	Enterprise Funds				Total
	Joint Utility Fund	Solid Waste Fund	Irrigation Assessment Fund	Golf Course Fund	
Cash Flows From Operating Activities					
Cash received from customers and others	\$ 10,187,638	675,126	13,320	97,387	10,973,471
Cash paid for goods and services	(6,055,607)	(681,132)	3,152	(71,785)	(6,805,372)
Cash paid to employees	(1,408,059)	(23,817)	-	(44,460)	(1,476,336)
<b>Net cash provided (used) by operating activities</b>	<b>2,723,972</b>	<b>(29,823)</b>	<b>16,472</b>	<b>(18,858)</b>	<b>2,691,763</b>
Cash Flows From Investing Activities					
Purchases of capital assets	(989,192)	-	(54,028)	-	(1,043,220)
Gross receipts tax received	96,873	-	-	-	96,873
Interest received	23,614	349	185	7	24,155
<b>Net cash (used) provided by investing activities</b>	<b>(868,705)</b>	<b>349</b>	<b>(53,843)</b>	<b>7</b>	<b>(922,192)</b>
Cash Flows From Capital Financing Activities					
Debt payment	(227,202)	-	-	-	(227,202)
Interest paid	(78,582)	-	-	-	(78,582)
<b>Net cash used by capital financing activities</b>	<b>(305,784)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(305,784)</b>
Cash Flows From Non-Capital Financing Activities					
Internal balances and transfers	-	-	-	35,000	35,000
<b>Net cash provided by non-capital financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35,000</b>	<b>35,000</b>
Net increase (decrease) in cash and cash equivalents	1,549,483	(29,474)	(37,371)	16,149	1,498,787
Cash and cash equivalents, beginning of year	11,320,309	200,690	131,544	-	11,652,543
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,869,792</b>	<b>171,216</b>	<b>94,173</b>	<b>16,149</b>	<b>13,151,330</b>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income (loss)	\$ 1,070,866	(31,883)	4,900	(26,836)	1,017,047
Adjustments to operating income (loss) to net cash provided by operating activities:					
Loss on disposal of capital assets	3,417	100	-	-	3,517
Depreciation expense	1,644,267	2,377	5,282	-	1,651,926
Net pension expense	(57,031)	(1,033)	-	(1,237)	(59,301)
Change in assets and liabilities:					
Accounts receivable	78,217	875	161	(3,935)	75,318
Interest receivable	(2,115)	-	-	-	(2,115)
Intergovernmental receivable	77,755	(73)	-	-	77,682
Inventory	127,447	-	-	-	127,447
Prepaid items	(1,286)	-	-	(4,804)	(6,090)
Accounts payable	(228,538)	(655)	6,129	8,580	(214,484)
Accrued payroll	11,567	(51)	-	7,087	18,603
Unearned revenue	(25,751)	-	-	-	(25,751)
Customer deposits	9,672	11	-	-	9,683
Other liabilities	4,501	(70)	-	1,060	5,491
Due to governmental funds	(2,178)	-	-	-	(2,178)
Compensated absences	13,162	579	-	1,227	14,968
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,723,972</b>	<b>(29,823)</b>	<b>16,472</b>	<b>(18,858)</b>	<b>2,691,763</b>

See Notes to Financial Statements.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS  
Year Ended June 30, 2015  
Employee Association Trust Fund**

**ASSETS**

Cash and cash equivalents \$ 6,030

**Total assets** \$ 6,030

**LIABILITIES**

Deposits held for others \$ 6,030

**Total liabilities** \$ 6,030

*See Notes to Financial Statements.*

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **A. Financial Reporting Entity**

The City of Aztec, (City), New Mexico, which was incorporated in 1890, operates under a Commission / Manager form of government. Five commissioners are elected at large and one of the commissioners serves as Mayor. This reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the City's financial statements to be misleading or incomplete.

The City had no blended or discrete component units during the current fiscal year.

### **B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### C. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements and the fiduciary fund – agency financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Derived tax revenues (gross receipts taxes, cigarette taxes and gas taxes) are recognized when the underlying transaction takes place. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The government reports the following major governmental funds:

The **general** fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government reports the following major proprietary funds:

The **joint utility** fund accounts for the activities of the City's utility.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement focus, basis of accounting and financial statement presentation  
(Continued)**

The ***solid waste*** fund accounts for the activities of the City's solid waste services.

The ***irrigation assessment*** fund accounts for the activities of the City's irrigation assessment activities.

The ***golf course*** fund accounts for the activities of the Aztec Municipal Golf Course at Hidden Valley.

Additionally, the City reports the following agency fund type:

The ***employee association trust*** fund is an agency fund that accounts for employee contributions to a fund used for special occasions such as sending flowers, etc.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's utility and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. The utilities also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement focus, basis of accounting and financial statement presentation  
(Continued)**

When both restricted and unrestricted resources are available for use, it is City policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Position**

**Deposits and Investments.** The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury, repurchase agreements, Certificates of Deposits, and the State Treasurer's Investment Pool. Investments for the City are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations and is not SEC registered. The reported value of the pool is the same as the fair value of the pool shares. Generally, investment income earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on the average daily balance of cash and investments of each fund. All investment in such pool is voluntary.

**Receivables and Payables.** Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

The joint utility enterprise fund is responsible for billing and collecting electric, water, and wastewater charges using a cycle billing system. No billing cycles are billed in advance of services. Metered accounts are billed in arrears and have been accrued. The only unearned revenue is customer payments for prepaid electric distribution construction. Customers are required to pay 100% of the estimate prepared by the electric director. When the job is

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position (Continued)**

complete the actual costs of the job are prepared and the customer is either refunded the overpayment or billed for the shortage. These payments for construction are then reported as increases in net assets at the end of the fiscal year. All trade receivables are shown net of an allowance for uncollectible accounts. The City is required to provide service and grant credit to a diverse customer base within its service territory. The City may require security deposits prior to providing service to customers depending upon an assessment of credit worthiness.

The City reviews customer accounts receivable on a regular basis and has an accounts receivable collection policy.

The City has reviewed its customer base for concentrations of credit risk and has determined that no individual customer or group of customers engaged in similar activities represent a material concentration of credit risk to the City.

Property taxes are levied and collected by San Juan County. The County remits to the City amounts collected for the applicable portion of the property taxes in the month following the date of receipt. The City recognizes property taxes as revenue on the modified accrual basis. Oil and gas taxes received from the County are recognized as revenue when received by the City.

Property taxes are levied as of January 1st on property values assessed on the same date. The tax levy is payable in two installments, November 10th and May 10th. The property taxes are considered delinquent and subject to lien, penalty, and interest, 30 days after the date on which they are due.

**Inventories and Prepaid Items.** Inventories are only held by the joint utility fund and are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are considered immaterial and recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**Capital Assets.** Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business- type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of



STATE OF NEW MEXICO  
 CITY OF AZTEC  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2015

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position (Continued)**

more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Such assets, including infrastructure, have higher limits that must be met before they are capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Computer software costs, whether externally purchased or developed in-house, shall be capitalized if the total cost of the software equals or exceeds \$5,000 and has a life of at least two years. Library books are not capitalized.

Property, plant, and equipment of the primary government have the following threshold levels to be capitalized and are depreciated using the straight line method over the following estimated useful lives:

		Threshold	Estimated Useful Life
Buildings and structures	\$	10,000	10-45 years
Improvements other than buildings	\$	10,000	10-50 years
Infrastructure	\$	50,000	5-50 years
Machinery and equipment	\$	5,000	5-30 years
Furniture and fixtures	\$	5,000	5-30 years

**Compensated Absences.** It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service with the City. All vacation pay is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. A compensated absence is expensed in the related fund of the employee that earned the compensated absences.

**Deferred Outflows/Inflows of Resources.** In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### D. Assets, Liabilities and Net Position (Continued)

an outflow of resources (expense/expenditure) until then. Also, in addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. At June 30, 2014, the City reported no deferred outflows. Deferred inflows are reported in the governmental funds regarding property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Long-Term Obligations.** In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs related to insurance, are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs other than related insurance are expensed in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs related to insurance, during the current period. The face amount of debt issued is reported as other financing sources. Bond premium and discounts are reported as other financing uses. Issuance costs, even if withheld from actual net proceeds received, are reported as debt service expenditures.

**Net Position Flow Assumptions.** In the government-wide financial statements, restricted net position is legally restricted by outside parties for a specific purpose. None of the City's net position is restricted as a result of enabling legislation adopted by the City. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources.

In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position.

**Fund Equity Flow Assumptions.** In the fund financial statements, governmental funds report

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Assets, Liabilities and Net Position (Continued)**

restricted and unassigned fund balances. Restricted fund balances represent amounts that are constrained externally by creditors (such as debt covenants), grantors, contributors, or laws of other governments. Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balances.** In the fund financial statements, fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the City Commission. City Commission is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the City Commission.

Assigned – amounts that are constrained by the City's intent to use them for a specific purpose, but are neither restricted or committed. The City has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as unspendable, restricted, or committed in governmental funds outside of the general fund.

Unassigned – all other spendable amounts.

## **NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

### **D. Assets, Liabilities and Net Position (Continued)**

**Net Position.** In the government-wide financial statements, restricted net position is legally restricted by outside parties (such as creditors, grantors, contributors, laws and regulations of other governments) for a specific purpose. Net investment in capital assets represents the City's investment in the book value of capital assets, less any outstanding debt that was issued to construct or acquire the capital asset. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**Use of Estimates.** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Pensions.** For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expenses, information about the Fiduciary Net Position of the New Mexico Public Employee's Retirement Board (PERA) and additions to/deductions from PERA's Fiduciary Net Position have been determined on the same basis as they are reported for PERA, on the economic resources measurement focus and accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## **NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

### **A. Budgetary Information**

Annual budgets are adopted for all funds. All budgets are consistent with generally accepted accounting principles (GAAP). All annual appropriations lapse at fiscal year-end. Carryover funds must be appropriated in the budget of the subsequent fiscal year. Because the budget process in the State of New Mexico requires that the beginning cash balance be appropriated in the budget of the subsequent fiscal year, such appropriated balance is legally restricted and is therefore presented as a reserved portion of fund balance.

Actual expenditures may not exceed the budget on a fund basis. Budgets may be amended by City Commission resolution with approval by the State Department of Finance and

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**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**Budgetary Information (Continued)**

Administration. City department heads may make transfers of appropriations within a fund. The legal level of budgetary control is the fund level. Increases or decreases of appropriations between funds require the approval of the governing Commission.

The City follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June, the City Manager submits to the City Commission a proposed operating budget for preliminary approval for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them. The budget is prepared by fund, department, and function.
2. In late July, after there has been an opportunity for public comment, the City Commission adopts the budget as finalized.
3. Prior to September 1, the budget is legally enacted through passage of a resolution and the Local Government Division of the State Department of Finance and Administration approves the final budget.
4. After the budget is adopted any supplemental appropriations must be approved by the City Commission

The budgetary basis and GAAP basis are the same for all governmental fund types. Budgets for proprietary enterprise funds are adopted on a non-GAAP basis, using the spending measurement focus as in governmental fund types.

Encumbrance accounting is employed by the City. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are carried forward to the new fiscal year and do not constitute expenditures or liabilities because the commitments will be re-appropriated and honored during the subsequent year. The fund balances are reserved for outstanding encumbrances because the resources are not available for new spending. The City had the following encumbrances, outstanding at June 30, 2015:

General Fund	\$	106,280
Other Governmental Funds		711,882
Business-Type Funds		<u>1,213,698</u>
Total Encumbrances by Fund:	\$	<u>2,031,860</u>

**STATE OF NEW MEXICO  
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**NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

**B. Excess of Expenditures over Appropriations**

As of June 30, 2015, there were no funds reported with excess expenditures over appropriations.

**C. Deficit Fund Balance or Net Position**

As of June 30, 2015, there were no governmental funds reported with a deficit fund balance; however, the Golf Course enterprise fund reported a deficit net position of \$19,747. Management is addressing the negative net position and is planning on taking the appropriate actions to eliminate the negative balance.

**NOTE 3. DEPOSITS AND INVESTMENTS**

As of June 30, 2015, the City had the following deposits and investments:

Demand deposits	\$ 3,353,998
Certificates of deposit	5,750,000
State Treasurer's LGIP	8,376,867
Cash with fiscal Agent	510,772
Cash on hand	<u>2,700</u>
Total	\$ <u>17,994,337</u>
Governmental funds	\$ 4,836,977
Proprietary funds	13,151,330
Agency funds	<u>6,030</u>
Total	\$ <u>17,994,337</u>

The City has investments in the State Treasurer external investment pool (the Local Government Investment Pool). The investments are valued at fair value based on quoted market prices as of June 30, 2015. The State Treasurer Local Government Investment Pool (LGIP) is not SEC registered. Section 6-10-10 I, NMSA 1978, empowers the State Treasurer, with the advice and consent of the State Board of Finance, to invest money held in the short-term investment fund in securities that are issued by the United States government or by its departments or agencies and are either direct obligations of the United States or are backed by the full faith and credit of the United States government or are agencies sponsored by the United States government. The Local Government Investment Pool investments are monitored by the same investment committee and the same policies and procedures that apply to all other state investments. The pool does not have unit shares. Per Section 6-10-10.1F, NMSA 1978, at the end of each month all interest earned

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**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

is distributed by the State Treasurer to the contributing entities in amounts directly proportionate to the respective amounts deposited in the fund and the length of time the amounts were invested. Participation in the local government investment pool is voluntary. The LGIP has been rated by Standard & Poor's and has received an AAAM rating.

**Interest Rate Risk.** The risk that interest rate variations may adversely affect the fair value of an investment. An acceptable method for reporting interest rate risk is weighted average maturity (WAM). The State Treasurer's Office uses this method for reporting purposes for the Local Government Investment Pool. As of June 30, 2014 the LGIP WAM (R) is 48.6 days and WAM (F) is 116.20 days.

As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits no more than 40% of City funds invested for a period greater than two years and no funds shall be invested for a period greater than three years. The City's policy is to invest in securities with an average maturity of less than 182 days (0.5 yearly average term).

**Credit Risk.** As directed by State Statute 6-10-36, E. and F., excess funds may be invested in securities backed by the full faith and credit of the United States Government, such as treasury notes, bills and bonds; in securities of Agencies that are guaranteed by the United States Government; bonds or negotiable securities of the State of New Mexico or of any county, municipality or school district in the State of New Mexico which has a taxable valuation of real property for the last preceding year of at least one million dollars (\$1,000,000) and has not defaulted in the payment of any interest or sinking fund obligation or failed to meet any bonds at maturity at any time within five years last preceding. The LGIP is exempt from this reporting requirement.

**Custodial Credit Risk (Deposits).** Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statute requires that the bank deposits be 50% collateralized and repurchase agreements be 102% collateralized. The City's carrying amount of deposits as of June 30, 2015 was \$9,103,998 and the bank balance was \$9,295,622. Of the bank balance, \$1,250,539 was covered by federal depository insurance, \$5,906,544 was collateralized with securities held by the pledging financial institution's trust department or agent in the City's name, and \$2,138,541 was uncollateralized, and subject to custodial credit risk.

**Custodial Credit Risk (Investments).** In the case of investments, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its

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**NOTE 3. DEPOSITS AND INVESTMENTS (CONTINUED)**

investments or collateral securities that are in the possession of an outside party. The LGIP is exempt from this reporting requirement.

**Collateral.** Only securities backed by the full faith and credit of the United States Government will be accepted as collateral. The City may make an exception and accept as collateral securities from a governmental entity within the State of New Mexico as described by State Statute 6-10-16-A. All securities pledged as collateral shall be held by a third-party financial institution. Any change in the institution holding the collateral must have prior approval of management.

**NOTE 4. RECEIVABLES**

Receivables as of June 30, 2015 are as follows:

**Governmental Receivables**

	<u>General Fund</u>	Other <u>Governmental Funds</u>	<u>Total</u>
Receivables:			
Intergovernmental	\$ 1,476,207	990,531	2,466,738
Other receivables	64,477	15,294	79,771
Total receivables	\$ <u>1,540,684</u>	<u>1,005,825</u>	<u>2,546,509</u>

**Enterprise Receivables**

	<u>Joint Utility</u>	<u>Solid Waste</u>	<u>Irrigation Assessment</u>	<u>Golf Course</u>	<u>Total</u>
Receivables:					
Trade receivable	\$ 913,093	71,163	7,340	-	991,596
Unbilled receivable	417,585	-	-	-	417,585
Intergovernmental	19,721	73	-	-	19,794
Interest receivable	8,095	-	-	-	8,095
Other receivables	21,236	406	-	3,935	25,577
Total gross receivables	1,379,730	71,642	7,340	3,935	1,462,647
Allowance for uncollectible accounts	(236,233)	(16,626)	(6,635)	-	(259,494)
Total receivables, net	\$ <u>1,143,497</u>	<u>55,016</u>	<u>705</u>	<u>3,935</u>	<u>1,203,153</u>



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**NOTE 4. RECEIVABLES (CONTINUED)**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred inflows and unearned revenue reported in the governmental and enterprise funds were as follows:

		<u>Deferred Inflows</u>	<u>Unearned Revenue</u>
Governmental Funds	Property Taxes	\$ 647,517	-
	Total deferred inflows of resources - governmental funds:	<u>\$ 647,517</u>	<u>-</u>
Enterprise Funds	Payments received in advance	\$ -	17,849
	Total unearned revenues - enterprise funds:	<u>\$ -</u>	<u>17,849</u>

**NOTE 5. CAPTIAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

<u>Governmental Activities</u>	Balance June 30, 2014	<u>Additions</u>	<u>Deletions</u>	<u>Re-class</u>	Balance June 30, 2015
Non-Depreciable Assets:					
Land	\$ 663,435	6,000	-	-	669,435
Construction in progress	<u>1,448,048</u>	<u>182,782</u>	<u>-</u>	<u>(1,448,048)</u>	<u>182,782</u>
Total non-depreciable assets	<u>2,111,483</u>	<u>188,782</u>	<u>-</u>	<u>(1,448,048)</u>	<u>852,217</u>
Depreciable Assets					
Buildings	8,672,825	27,269	-	-	8,700,094
Improvements	3,675,899	335,172	(10,663)	49,071	4,049,479
Machinery and equipment	6,157,498	207,636	(168,257)	59,916	6,256,793
Infrastructure	<u>16,577,213</u>	<u>232,936</u>	<u>-</u>	<u>1,339,061</u>	<u>18,149,210</u>
Total depreciable assets	<u>\$ 35,083,435</u>	<u>803,013</u>	<u>(178,920)</u>	<u>1,448,048</u>	<u>37,155,576</u>

**STATE OF NEW MEXICO  
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**NOTE 5. CAPTIAL ASSETS (CONTINUED)**

<b><u>Governmental Activities</u></b> <b><u>(Continued)</u></b>	Balance June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Re-class</u>	Balance June 30, <u>2015</u>
Accumulated Depreciation					
Buildings	\$ (2,819,758)	(284,788)	-	-	(3,104,546)
Improvements	(1,171,543)	(286,806)	8,441	-	(1,449,908)
Machinery and equipment	(4,318,889)	(317,865)	168,257	-	(4,468,497)
Infrastructure	<u>(6,877,804)</u>	<u>(569,307)</u>	<u>-</u>	<u>-</u>	<u>(7,447,111)</u>
Total accumulated depreciation	<u>(15,187,994)</u>	<u>(1,458,766)</u>	<u>176,698</u>	<u>-</u>	<u>(16,470,062)</u>
Total capital assets being depreciated, net:	<u>19,895,441</u>	<u>(655,753)</u>	<u>(2,222)</u>	<u>1,448,048</u>	<u>20,685,514</u>
Governmental activities capital assets, net:	\$ <u><u>22,006,924</u></u>	<u><u>(466,971)</u></u>	<u><u>(2,222)</u></u>	<u><u>-</u></u>	<u><u>21,537,731</u></u>
<b><u>Business-Type Activities</u></b>	Balance June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Re-class</u>	Balance June 30, <u>2015</u>
Non-Depreciable Assets:					
Land and water rights	\$ 762,302	34,758	-	26,283	823,343
Construction in progress	<u>1,130,778</u>	<u>413,862</u>	<u>-</u>	<u>(857,545)</u>	<u>687,095</u>
Total non-depreciable assets	<u>1,893,080</u>	<u>448,620</u>	<u>-</u>	<u>(831,262)</u>	<u>1,510,438</u>
Depreciable Assets					
Building and systems	40,058,195	387,332	-	831,262	41,276,789
Machinery and equipment	<u>3,836,229</u>	<u>194,122</u>	<u>(35,935)</u>	<u>-</u>	<u>3,994,416</u>
Total depreciable assets	<u>43,894,424</u>	<u>581,454</u>	<u>(35,935)</u>	<u>831,262</u>	<u>45,271,205</u>
Accumulated Depreciation					
Building and systems	(13,643,181)	(1,444,364)	-	-	(15,087,545)
Machinery and equipment	<u>(2,763,775)</u>	<u>(194,416)</u>	<u>32,418</u>	<u>-</u>	<u>(2,925,773)</u>
Total accumulated depreciation	<u>(16,406,956)</u>	<u>(1,638,780)</u>	<u>32,418</u>	<u>-</u>	<u>(18,013,318)</u>
Total capital assets being depreciated, net:	<u>27,487,468</u>	<u>(1,067,326)</u>	<u>(3,517)</u>	<u>831,262</u>	<u>27,257,887</u>
Business-type activities capital assets, net:	\$ <u><u>29,380,548</u></u>	<u><u>(608,706)</u></u>	<u><u>(3,517)</u></u>	<u><u>-</u></u>	<u><u>28,768,325</u></u>

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**NOTE 5. CAPTIAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions/programs of the government as follows:

<b>Governmental Activities:</b>	
General government	\$ 111,572
Public safety	184,218
Public works	518,140
Public health and welfare	41,708
Culture and recreation	603,128
	<u>\$ 1,458,766</u>
<b>Business-Type Activities:</b>	
Joint utility	\$ 1,631,121
Solid waste	2,377
Irrigation assessment	5,282
	<u>\$ 1,638,780</u>

**Construction Commitments.** The City has active construction projects as of June 30, 2015. At June 30, 2015, the City's commitments with contractors were as follows:

	<u>Total Contract</u>	<u>Expended to Date</u>	<u>Remaining Commitment</u>
Simonds Road Reconstruction	\$ 406,285	(112,079)	294,206
Aztec SCADA Water System Improvements	380,690	-	380,690
Public Works Sign Shop	30,564	-	30,564
Public Works Water Meter Shop	30,564	-	30,564
East Aztec Arterial Ph1B Sewer line	240,386	-	240,386
Total:	<u>\$ 1,088,489</u>	<u>(112,079)</u>	<u>976,410</u>

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**NOTE 6. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers and advances consisted of the following as of June 30, 2015:

<b>TRANSFERS</b>		
<b>Governmental Funds</b>	<u>Transfer In</u>	<u>Transfer Out</u>
General fund	\$ -	457,000
Municipal road special revenue fund	375,000	-
Local government correction special revenue fund	17,000	-
Airport special revenue fund	30,000	-
	<u>422,000</u>	<u>457,000</u>
<b>Business-Type Funds</b>		
Joint utility enterprise fund	839,992	839,992
Golf Course	35,000	-
	<u>874,992</u>	<u>839,992</u>
Net Transfers	\$ <u>1,296,992</u>	<u>1,296,992</u>

<b>DUE TO/FROM</b>		
<b>Governmental Funds</b>	<u>Due To</u>	<u>Due From</u>
General fund	\$ <u>4,724</u>	<u>4,724</u>
Net Due To/From:	\$ <u>4,724</u>	<u>4,724</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

**NOTE 7. LONG-TERM DEBT**

**General Obligation Bonds.** The City has the capacity to issue general obligation bonds to provide funds for the acquisition and/or construction of major capital projects, but as of June 30, 2015 no general obligation bonds had been issued.

**Revenue Bonds.** The City has the capacity to issue bonds where the City pledges gross receipts tax revenue and revenues derived from the acquired or constructed assets to pay debt service, but as of June 30, 2015 no revenue bonds had been issued.

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**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Contracts and Loans Payable - Governmental Activities**

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority to construct, purchase, furnish and equip a public library totaling \$1,679,942 dated September 2004 and collateralized by New Mexico gross receipts tax. The loan is payable in semi-annual payments averaging \$146,461 per year, including interest at 3.966%, through May 2020. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2015 of \$646,135, with a current portion of \$118,789.

The City has entered into a long-term loan agreement with the State of New Mexico Finance Authority for capital improvements (including a raw water reservoir) totaling \$3,367,380 dated October 24, 2008 and collateralized by New Mexico gross receipts tax. The loan is payable in variable annual principal payments, and semi-annual interest payments with interest rate ranging from 2.03% to 4.89%, through May 2031. The General Governmental Fund on the government-wide statement of net assets reports the outstanding principal due as of June 30, 2015 of \$3,007,614, with a current portion of \$54,731.

**Contracts and Loans Payable - Business-Type Activities**

The City has entered into a long-term loan agreement with the New Mexico Environmental Department (CWRP 2009) in the original amount of \$5,000,000 dated February 3, 2010. The loan is payable in annual payments of \$305,784, including interest at 2%, through June 30, 2029. The Joint Utilities Enterprise Fund reports the outstanding principal as of June 30, 2015 of \$3,701,892, with a current portion of \$231,746. The loan is collateralized by net utilities revenues.

Long-term debt service requirements to maturity are as follows:

**Governmental Activities**

	Principal	Interest
2016	\$ 173,520	167,142
2017	179,555	160,190
2018	185,948	152,833
2019	192,720	145,046
2020	199,900	136,789
2021 – 2025	1,037,429	552,480
2026 – 2030	1,368,325	283,105
2031	316,352	15,470
Total	<u>\$ 3,653,749</u>	<u>1,613,054</u>

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**NOTE 7. LONG-TERM DEBT (CONTINUED)**

**Business-Type Activities**

	Principal	Interest
2016	\$ 231,746	74,038
2017	236,381	69,403
2018	241,108	64,675
2019	245,930	59,853
2020	250,849	54,935
2021 - 2025	1,331,537	197,381
2026 - 2029	1,164,341	58,793
Total	<u>\$ 3,701,892</u>	<u>579,078</u>

**Changes in Long-Term Liabilities**

During the fiscal year ended June 30, 2015, the following changes occurred in long-term liabilities:

<b><u>Governmental Activities</u></b>	Balance June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2015</u>	Due Within <u>One Year</u>
Contracts and loans payable:					
NM Finance Authority	\$ 760,300	-	(114,165)	646,135	118,789
NM Finance Authority - Capital Projects	<u>3,059,388</u>	<u>-</u>	<u>(51,774)</u>	<u>3,007,614</u>	<u>54,731</u>
Total contracts and loans payable	3,819,688	-	(165,939)	3,653,749	173,520
Compensated absences	<u>336,911</u>	<u>297,467</u>	<u>(276,872)</u>	<u>357,506</u>	<u>276,872</u>
Total Government Activities	<u>\$ 4,156,599</u>	<u>297,467</u>	<u>(442,811)</u>	<u>4,011,255</u>	<u>450,392</u>

<b><u>Business-Type Activities</u></b>	Balance June 30, <u>2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2015</u>	Due Within <u>One Year</u>
Contracts and loans payable:					
NM Environmental Department	\$ 3,929,094	-	(227,202)	3,701,892	231,746
Total contracts and loans payable	3,929,094	-	(227,202)	3,701,892	231,746
Compensated absences	<u>98,257</u>	<u>113,225</u>	<u>(98,257)</u>	<u>113,225</u>	<u>113,225</u>
Total Government Activities	<u>\$ 4,027,351</u>	<u>113,225</u>	<u>(325,459)</u>	<u>3,815,117</u>	<u>344,971</u>

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**NOTE 8. RESTRICTED FUND BALANCES**

Fund balances were restricted for the following purposes:

**Subsequent Years Expenditures.** The New Mexico Department of Finance and Administration (DFA) requires that 1/12th of the general fund budgeted expenditures be restricted as subsequent year expenditures to maintain an adequate cash flow until the next significant property tax collection.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

**Risk Management.** The City is also exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omission; and natural disasters. In addition, the City is party to numerous pending or threatened lawsuits, under which it may be required to pay certain amounts upon final disposition of these matters. The City has historically retained these risks, except where it has determined that commercial insurance is more cost beneficial or legally required. The City has covered all claim settlements and judgments out of its General Fund resources, except where specifically identifiable to an enterprise fund. The City currently reports substantially all of its risk management activities, except worker's compensation, in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Current liabilities are reported when the liability has matured. These losses include an estimate of claims that have been incurred but not reported.

**Contingent Liabilities.** Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

**NOTE 10. JOINTLY GOVERNED ORGANIZATIONS**

**Joint Powers Agreement for Consolidated Communications Authority.** The City is a participant with San Juan County, the City of Farmington and the City of Bloomfield in a joint powers agreement to build, maintain, and operate a centralized communications system for dispatch and emergency response. The City was obligated to contribute \$7,500 per year until the Capital Equipment Fund reached a balance of \$250,000. Thereafter, the City is obligated to contribute 6% of an amount necessary to maintain that balance. During the year ended

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**NOTE 10. JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

June 30, 2015, the City contributed \$0 to the Authority. Complete financial statements for the Consolidated Communications Authority can be obtained from San Juan County, New Mexico.

**Joint Powers Agreement for the San Juan Water Commission.** The City is a participant with the cities of Farmington and Bloomfield, the County of San Juan, and the San Juan Rural Waters Users Association in a joint powers agreement to create a countywide entity responsible for water planning and use. Much of the impetus to form the Commission came from the Animas La Plata water project and the subsequent need to develop methods to equitably share the related costs and benefits. In addition to this specific project the Commission is also authorized to acquire additional water rights and provide for the equitable distribution of such water. The Commission is financed by a San Juan County mill levy on real and personal property of approximately 3 mills. During the year ended June 30, 2015 the City did not make any financial contribution to the Commission. Complete financial statements may be obtained by contacting the San Juan Water Commission.

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION**

**Plan description.** The Public Employees Retirement Fund (PERA Fund) is a **cost-sharing, multiple employer defined benefit pension plan**. This fund has six divisions of members, including State General, State Police/Adult Correction Officer, Municipal General, Municipal Police/Detention Officers, Municipal fire, and State Legislative Divisions, and offers 24 different types of coverage within the PERA plan. All assets accumulated may be used to pay benefits, including refunds of member contributions, to any of the plan members or beneficiaries, as defined by the terms of this plan. Certain coverage plans are only applicable to a specific division. Eligibility for membership in the PERA Fund is set forth in the Public Employees Retirement Act (Chapter 10, Article 11, NMSA 1978). Except as provided for in the Volunteer Firefighters Retirement Act (10-11A-1 to 10-11A-7, NMSA 1978), the Judicial Retirement Act (10-12B-1 to 10-12B-19, NMSA 1978), the Magistrate Retirement Act (10-12C-1 to 10-12C-18, NMSA 1978), and the Educational Retirement Act (Chapter 22, Article 11, NMSA 1978), and the provisions of Sections 29-4-1 through 29-4-11, NMSA 1978 governing the State Police Pension Fund, each employee and elected official of every affiliated public employer is required to be a member in the PERA Fund.

PERA issues a publicly available financial report and a comprehensive annual financial report that can be obtained at <http://saonm.org/> using the Audit Report Search function for agency 366.



**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(CONTINUED)**

**Benefits provided.** For a description of the benefits provided and recent changes to the benefits see Note 1 in the PERA audited financial statements for the fiscal year ended June 30, 2014 available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

**Contributions.** The contribution requirements of defined benefit plan members and the City are established in state statute under Chapter 10, Article 11, NMSA 1978. The contribution requirements may be amended by acts of the legislature. For the employer and employee contribution rates in effect for FY14 for the various PERA coverage options, for both Tier I and Tier II, see the tables available in the note disclosures on pages 29 through 31 of the PERA FY14 annual audit report at [http://osanm.org/media/audits/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://osanm.org/media/audits/366_Public_Employees_Retirement_Association_2014.pdf). The PERA coverage options that apply to the City are: Regular employees municipal plan 2 (Municipal General) and Municipal Plan 5 (Municipal Police). Statutorily required contributions to the pension plan from the City were \$421,157 for the year ended June 30, 2015.

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:** The PERA pension liability amounts, net pension liability amounts, and sensitivity information were based on an annual actuarial valuation performed as of June 30, 2013. The PERA pension liability amounts for each division were rolled forward from the valuation date to the Plan year ending June 30, 2014, using generally accepted actuarial principles. Therefore, the employer's portion was established as of the measurement date June 30, 2014.

The assets of the PERA fund are held in one trust, but there are six distinct membership groups (municipal general members, municipal police members, municipal fire members, state general members, state police members and legislative members) for whom separate contribution rates are determined each year pursuant to chapter 10, Article 11 NMSA 1978. Therefore, the calculations of the net pension liability, pension expense and deferred Inflows and Outflows were performed separately for each of the membership groups: municipal general members; municipal police members; municipal fire members; state general members; state police members and legislative members. The City's proportion of the net pension liability for each membership group that the employer participates in is based on the employer contributing entity's percentage of that membership group's total employer contributions for the fiscal year ended June 30, 2014. Only employer contributions for the pay period end dates that fell within the period of July 1, 2013, to June 30, 2014, were included in the total contributions for a specific employer. Regular and any adjustment contributions that applied to fiscal year 2014 are included in the total contribution amounts. In the event that an

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(CONTINUED)**

employer is behind in reporting to PERA its required contributions, an estimate (receivable) was used to project the unremitted employer contributions. This allowed for fair and consistent measurement of the contributions with the total population. This methodology was used to maintain consistent measurement each year in determining the percentages to be allocated among all the participating employers.

*For PERA Fund Division Municipal General*, at June 30, 2015, the City reported a liability of \$2,792,004 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was .358 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized PERA Fund Division Municipal General pension expense of \$116,506. At the June 30, 2015, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	-
Changes in assumptions	-	1,892
Net difference between projected and actual earnings on pension plan investments	-	1,092,306
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	283,426	-
Total	\$ 283,426	1,094,198

\$283,426 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(CONTINUED)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	273,547
2017		273,547
2018		273,547
2019		273,547
2020		10
Total	\$	<u>1,094,198</u>

*For PERA Fund Division Municipal Police*, at June 30, 2015, the City reported a liability of \$1,339,815 for its proportionate share of the net pension liability. At June 30, 2014, the City's proportion was .411 percent, which was unchanged from its proportion measured as of June 30, 2013, due to the insignificance of the difference.

For the year ended June 30, 2015, the City recognized PERA Fund Division Municipal General pension expense of \$89,967. At the June 30, 2015, the City reported PERA Fund Division Municipal General deferred outflows of resources and deferred inflows or resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ -	-
Changes in assumptions	-	108,839
Net difference between projected and actual earnings on pension plan investments	-	498,202
Changes in proportion and differences between the City's contributions and proportionate share of contributions	-	-
City's contributions subsequent to the measurement date	<u>137,731</u>	-
Total	<u>\$ 137,731</u>	<u>607,041</u>

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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(CONTINUED)**

\$137,731 reported as deferred outflows of resources related to pensions resulting from the City contributions subsequent to the measurement date June 30, 2014 will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2016	\$	151,625
2017		151,625
2018		151,625
2019		151,625
2020		541
Total	\$	<u>607,041</u>

**Actuarial assumptions.** As described above, the PERA Fund member group pension liabilities and net pension liabilities are based on actuarial valuations performed as of June 30, 2013 for each of the membership groups. Then each PERA Fund member group pension liability was rolled forward from the valuation date to the Plan year ending June 30, 2014 using generally accepted actuarial principles. There were no significant events or changes in benefit provisions that required an adjustment to the roll-forward liabilities as of June 30, 2014. These actuarial methods and assumptions were adopted by the Board for use in the June 30, 2014 actuarial valuation.

Actuarial valuation date	June 30, 2013
Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay
Amortization period	Solved for based on statutory rates
Asset valuation method	Fair value
Actuarial assumptions:	
• Investment rate of return	7.75% annual rate, net of investment expense
• Payroll growth	3.50% annual rate
• Projected Salary increases	3.50% to 14.25% annual rate
• Includes inflation at	3.00% annual rate

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**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and most recent best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<b>ALL FUNDS – Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
US Equity	21.1%	5.00%
International Equity	24.8	5.20
Private Equity	7.0	8.20
Core and Global Fixed Income	26.1	1.85
Fixed Income Plus Sectors	5.0	4.8
Real Estate	5.0	5.30
Real Assets	7.0	5.70
Absolute Return	<u>4.0</u>	4.15
Total	<u>100.0%</u>	

**Discount rate:** The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that future contributions will be made in accordance with statutory rates. On this basis, the pension plan’s fiduciary net position together with the expected future contributions are sufficient to provide all projected future benefit payments of current plan members as determined in accordance with GASBS 67. Therefore, the 7.75% assumed longterm expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 11. PENSION PLAN- PUBLIC EMPLOYEES RETIREMENT ASSOCIATION  
(CONTINUED)**

*Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate.* The following table shows the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the City's net pension liability under the current single rate assumption, as if it were calculated using a discount rate one percentage point lower (6.75%) or one percentage point higher (8.75%) than the single discount rate.

PERA Fund Division	Municipal General	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability		5,263,556	2,792,004	882,612

PERA Fund Division	Municipal Police	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of the net pension liability		2,555,030	1,339,815	432,431

**Pension plan fiduciary net position.** Detailed information about the pension plan's fiduciary net position is available in the separately issued FY14 Restated PERA financial report. The report is available at <http://www.pera.state.nm.us/publications.html>.

**Payables to the pension plan.** Employers should disclose the amount of payables to the Plan with a description of what gave rise to the payable per GASBS 68, paragraphs 122 and 124.

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN**

**Plan Description.** The City contributes to the New Mexico Retiree Health Care Fund, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by the New Mexico Retiree Health Care Authority (RHCA). The RHCA provides health care insurance and prescription drug benefits to retired employees of participating New Mexico government agencies, their spouses, dependents, and surviving spouses and dependents. The RHCA Board was established by the Retiree Health Care Act (Chapter 10, Article 7C, NMSA 1978). The Board is responsible for establishing and amending benefit provisions of the

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

healthcare plan and is also authorized to designate optional and/or voluntary benefits like dental, vision, supplemental life insurance, and long-term care policies.

Eligible retirees are: 1) retirees who make contributions to the fund for at least five years prior to retirement and whose eligible employer during that period of time made contributions as a participant in the RHCA plan on the person's behalf unless that person retires before the employer's RHCA effective date, in which event the time period required for employee and employer contributions shall become the period of time between the employer's effective date and the date of retirement; 2) retirees defined by the Act who retired prior to July 1, 1990; 3) former legislators who served at least two years; and 4) former governing authority members who served at least four years.

The RHCA issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the postemployment healthcare plan. That report and further information can be obtained by writing to the Retiree Health Care Authority at 4308 Carlisle NE, Suite 104, Albuquerque, NM 87107.

**Funding Policy.** The Retiree Health Care Act (Section 10-7C-13 NMSA 1978) authorizes the RHCA Board to establish the monthly premium contributions that retirees are required to pay for healthcare benefits. Each participating retiree pays a monthly premium according to a service based subsidy rate schedule for the medical plus basic life plan plus an additional participation fee of five dollars if the eligible participant retired prior to the employer's RHCA effective date or is a former legislator or former governing authority member. Former legislators and governing authority members are required to pay 100% of the insurance premium to cover their claims and the administrative expenses of the plan. The monthly premium rate schedule can be obtained from the RHCA or viewed on their website at [www.nmrhca.state.nm.us](http://www.nmrhca.state.nm.us).

The employer, employee and retiree contributions are required to be remitted to the RHCA on a monthly basis. The statutory requirements for the employer and employee contributions can be changed by the New Mexico State Legislature. Employers that choose to become participating employers after January 1, 1998, are required to make contributions to the RHCA fund in the amount determined to be appropriate by the board.

The Retiree Health Care Act (Section 10-7C-15 NMSA 1978) is the statutory authority that establishes the required contributions of participating employers and their employees. For employees that were members of an enhanced retirement plan (state police and adult

**NOTE 12. POST-EMPLOYMENT BENEFITS – STATE RETIREE HEALTH CARE PLAN  
(CONTINUED)**

correctional officer member coverage plan 1; municipal police member coverage plans 3, 4 or 5; municipal fire member coverage plan 3, 4 or 5; municipal detention officer member coverage plan 1; and members pursuant to the Judicial Retirement Act) during the fiscal year ended June 30, 2015, the statutes required each participating employer to contribute 2.5% of each participating employee's annual salary; and each participating employee was required to contribute 1.25% of their salary. For employees that were not members of an enhanced retirement plan during the fiscal year ended June 30, 2015, the statute required each participating employer to contribute 2.0% of each participating employee's annual salary; each participating employee was required to contribute 1.0% of their salary. In addition, pursuant to Section 10-7C-15(G) NMSA 1978, at the first session of the Legislature following July 1, 2013, the legislature shall review and adjust the distributions pursuant to Section 7-1-6.1 NMSA 1978 and the employer and employee contributions to the authority in order to ensure the actuarial soundness of the benefits provided under the Retiree Health Care Act.

The City's contributions to the RHCA for the years ended June 30, 2015, 2014 and 2013, were \$80,100, \$80,038 and \$79,579, respectively, which equal the required contributions for each year.

**NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS**

In August 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions — an amendment of GASB Statement 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The City provides substantially all of its employees with pension benefits through the State's multiple employer cost-sharing defined benefit retirement plan administered by the Public Employees Retirement Association of New Mexico (PERA). GASB Statement 68 requires cost-sharing employers participating in the PERA program, such as the City, to record their proportionate share, as defined in GASB Statement 68, of City's unfunded pension liability. The City has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA. GASB Statement 68 is effective for periods beginning after June 15, 2014. The City adopted GASB Statement 68 during fiscal year 2015. The requirement of GASB Statement 68 to record a portion of PERA's unfunded liability has negatively impacted the City's unrestricted net position. Information regarding PERA's current funding status can be found in their financial report.



**NOTE 13. RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)**

In January 2013, the GASB issued statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combination includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. This Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. GASB Statement 69 is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013 and should be applied on a prospective basis. The City was not a party to any combinations or disposals in the current year and therefore the adoption of GASB Statement 69 does not have any impact on the City's financial statements.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68. This statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contribution, if any, made subsequent to the measurement date of the beginning net pension liability. The requirements of this Statement will eliminate the source of a potential significant understatement of restated beginning net position and expenses in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities. The City is a participant in the State of New Mexico's Public Employee Retirement Association (PERA) and has recognized a beginning deferred outflow of resources for the pension contribution made subsequent to the measurement date as required.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Statement No. 76, which supersedes Statement No. 55, aims to identify, in the context of the current governmental financial reporting environment, the hierarchy of U.S. GAAP, which consists of the sources of accounting principles used to prepare the financial statements of state and local governments entities in conformity with U.S. GAAP, as well as the framework for selecting those principles. The City adopted GASB Statement No. 76 during fiscal year 2015, with no significant impact to the City's financial statements.

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CITY OF AZTEC  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2015**

**NOTE 14. NEW ACCOUNTING PRONOUNCEMENTS**

The following GASB pronouncements have been issued, but are not yet effective at June 30, 2015.

GASB Statement No. 72, Fair Value Measurement and Application

GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions

The City will implement the new GASB pronouncements in the fiscal year no later than the required effective date. The City believes that the above listed new GASB pronouncements will not have a significant financial impact to the City or in issuing its financial statements.

**NOTE 15 – RESTATEMENT**

Governmental activities net position at June 30, 2014 was restated in the amount of \$4,287,348 and Enterprise activities net position at June 30, 2014, was restated in the amount of \$1,339,237 as a result of implementation of GASB 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*

**NOTE 16 – SUBSEQUENT EVENTS**

The City was included in the statewide disaster declaration which will provide state funds for storm clean up and repair assistance for the August 26, 2015 storm event. The estimated assistance the City will receive is \$300,000 from the State with a 25% match from the City, for an estimated total cost of \$500,000. Grant agreements have not been executed pending the finalization of numbers with the New Mexico Department of Homeland Security and Emergency Management. The City anticipates the agreements will be completed by January 2016.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
June 30, 2015**

**Public Employees Retirement Association of New Mexico  
Schedule of Ten Year Tracking Data\*  
(Combined Municipal General and Police Divisions)  
(Dollars in Thousands)**

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
City's Proportion of the Net Pension Liability (Asset)	0.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
City's Proportionate Share of Net Pension Liability (Asset)	\$ 4,132	-	-	-	-	-	-	-	-	-
City's Covered-Employee Payroll	\$ 3,712	-	-	-	-	-	-	-	-	-
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll	111.31%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.29%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

\* The amounts presented for each fiscal year were determined as of June 30th. This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years which information is available.

STATE OF NEW MEXICO  
 CITY OF AZTEC  
 SCHEDULE OF CITY CONTRIBUTIONS  
 June 30, 2015

Public Employees Retirement Association of New Mexico  
 Schedule of Ten Year Tracking Data  
 General and Police Divisions Combined Summary  
 (Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 411	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	411	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 1,701	5	\$ 426	426	426	426	423	-	-	-	-	-	-	-
2015	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 1,701		\$ 426	426	426	426	423	-	-	-	-	-	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

STATE OF NEW MEXICO  
 CITY OF AZTEC  
 SCHEDULE OF CITY CONTRIBUTIONS  
 June 30, 2015

Public Employees Retirement Association of New Mexico  
 Schedule of Ten Year Tracking Data  
 General Division  
 (Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 265	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	265	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 1,094	5	\$ 274	274	274	274	272	-	-	-	-	-	-	-
2015	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 1,094		\$ 274	274	274	274	272	-	-	-	-	-	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

STATE OF NEW MEXICO  
 CITY OF AZTEC  
 SCHEDULE OF CITY CONTRIBUTIONS  
 June 30, 2015

Public Employees Retirement Association of New Mexico  
 Schedule of Ten Year Tracking Data  
 Police Division  
 (Dollars in Thousands)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually Required Contribution	\$ 146	-	-	-	-	-	-	-	-	-
Contributions in Relation to the Contractually Required Contribution	146	-	-	-	-	-	-	-	-	-
Contribution Deficiency (Excess)*	\$ -	-	-	-	-	-	-	-	-	-

Year	Total Amount Deferred	Amortization Years	Increase (Decrease) in Pension Expense over Recognition Periods											
			2015	2016	2017	2018	2019	2020	2021	2022	2023	2024		
2014	\$ 607	5	\$ 152	152	152	152	151	-	-	-	-	-	-	-
2015	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2016	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2017	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2018	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2019	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2020	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2021	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2022	-	5	-	-	-	-	-	-	-	-	-	-	-	-
2023	-	5	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 607		\$ 152	152	152	152	151	-	-	-	-	-	-	-

\* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2015**

***Changes of Benefit Terms.*** The PERA Fund COLA and retirement eligibility benefits changes in recent years are described in Note 1 of the PERA FY14 audit available at [http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366\\_Public\\_Employees\\_Retirement\\_Association\\_2014.pdf](http://www.pera.state.nm.us/pdf/AuditFinancialStatements/366_Public_Employees_Retirement_Association_2014.pdf).

***Changes of assumptions.*** The Public Employees Retirement Association (PERA) of New Mexico Annual Actuarial Valuation as of June 30, 2014 report is available at [http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report\\_FINAL.pdf](http://www.pera.state.nm.us/pdf/Investments/RetirementFundValuationReports/6-30-2014%20PERA%20Valuation%20Report_FINAL.pdf). The summary of Key Findings for the PERA Fund (on page 2 of the report) states “based on a recent experience study for the five-year period ending June 30, 2013, the economic and demographic assumptions were updated for this valuation. The changes in assumptions resulted in a decrease of \$30.8 million to Fund liabilities and an increase of 0.13% to the funded ratio. For details about changes in the actuarial assumptions, see Appendix B on page 60 of the report.



**SUPPLEMENTARY INFORMATION**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NON-MAJOR FUNDS  
June 30, 2015**

**Special Revenue Funds**

Municipal Road Fund

This fund was established to account for gasoline tax monies received pursuant to Section 7-1-6.9 NMSA 1978.

Law Enforcement Protection Fund

This fund was established by City management to account for law enforcement protection monies received from the State to be disbursed for law enforcement related expenditures pursuant to NMSA 29-13-7.

Local Government Correction Fund

City management established this fund to account for correction fees assessed to City trustees sentenced to serve time in the County detention center and subsequently paid to the County, pursuant to NMSA 33-3-25.

Economic Development Fund

This fund was established pursuant to NMSA 1978 Sec 5-10-1, as adopted by City Ordinance 99-235, to allow public support of economic development to foster, promote, and enhance local economic development efforts while continuing to protect against the unauthorized use of public money and other public resources. The statute also allows the City to enter into joint power agreements to plan and support regional economic development projects.

Development Fees Fund

This fund was established by the City management to account for impact fees collected as provided by NMSA 5-8-1 through 5-8-42 and City Ordinance 2004-310. Impact fees may be used for a variety of expenditures except maintenance or operation costs.

Lodgers Tax Fund

This fund was established pursuant to NMSA 3-38-15 to account for the City's occupancy tax imposed on lodging establishments and restricted to tourism and promotion uses.

State Fire Fund

City management established this fund to account for state grants restricted for the purchase of fire fighting equipment and other approved fire department needs pursuant to NMSA 59A-53-8.

Recreation Fund

NMSA 7-12-15.B authorizes the establishment of the fund to account for the City's share of a state cigarette tax legally restricted for the operation of recreation facilities.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
NON-MAJOR FUNDS  
June 30, 2015**

**Special Revenue Funds (Continued)**

Airport Fund

City management established this fund to account for the activities of the City's airport operations and account for operating and capital grants.

**Capital Projects Funds**

Community Development Block Grant Fund

City management established this fund to account for federal grant monies received for water, sewer, and street capital expenditures.

Capital Projects Fund

The capital projects fund accounts for the acquisition and construction of major capital facilities other than those projects financed by proprietary funds.

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS**  
**June 30, 2015**

	Special Revenue Funds			
	Municipal Road Fund	Law Enforcement Protection	Local Government Correction	Economic Development
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$ 358,929	481	7,167	113,009
Cash with fiscal agent	-	-	-	-
Intergovernmental receivables	902,969	-	-	-
Other receivables	-	-	-	-
Prepaid items	-	-	-	-
Due to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 1,261,898</b>	<b>481</b>	<b>7,167</b>	<b>113,009</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ 169,066	-	6,285	-
Accrued payroll expenses	-	-	-	-
Other liabilities	-	-	-	-
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>169,066</b>	<b>-</b>	<b>6,285</b>	<b>-</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	-	-	-	-
Restricted to:				
Public safety	-	481	882	-
Lodgers promotion	-	-	-	-
Capital projects	-	-	-	-
Debt service	1,092,832	-	-	-
Subsequent years expenditures	-	-	-	-
Committed to:				
Economic developmnet	-	-	-	113,009
Culture and recreation	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>1,092,832</b>	<b>481</b>	<b>882</b>	<b>113,009</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 1,261,898</b>	<b>481</b>	<b>7,167</b>	<b>113,009</b>

Special Revenue Funds (Continued)

Development Fees	Lodgers Tax	State Fire	Recreation	Airport	Total Special Revenue
38,106	50,872	513,367	3,311	52,573	1,137,815
-	-	-	-	-	-
-	-	-	-	-	902,969
-	13,078	-	-	2,216	15,294
-	1,056	2,700	-	1,357	5,113
-	-	-	-	-	-
38,106	65,006	516,067	3,311	56,146	2,061,191
-	1,014	133	-	232	176,730
-	-	-	-	-	-
-	-	-	-	598	598
-	-	-	-	-	-
-	1,014	133	-	830	177,328
-	-	-	-	-	-
-	-	-	-	-	-
-	1,056	2,700	-	1,357	5,113
-	-	513,234	-	-	514,597
-	62,936	-	-	-	62,936
-	-	-	-	53,959	53,959
-	-	-	-	-	1,092,832
-	-	-	-	-	-
-	-	-	-	-	113,009
38,106	-	-	3,311	-	41,417
-	-	-	-	-	-
38,106	63,992	515,934	3,311	55,316	1,883,863
38,106	65,006	516,067	3,311	56,146	2,061,191



**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS (CONTINUED)  
June 30, 2015**

	Capital Projects			Total Nonmajor Governmental Funds
	Community Development Block Grant	Capital Projects Fund	Total Capital Projects	
<b>ASSETS</b>				
Cash, investments and cash equivalents	\$ 4,345	474,729	479,074	1,616,889
Cash with fiscal agent	-	510,772	510,772	510,772
Intergovernmental receivables	-	87,562	87,562	990,531
Other receivables	-	-	-	15,294
Prepaid items	-	-	-	5,113
Due to other funds	-	-	-	-
<b>Total assets</b>	<b>\$ 4,345</b>	<b>1,073,063</b>	<b>1,077,408</b>	<b>3,138,599</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts payable	\$ -	83,468	83,468	260,198
Accrued payroll expenses	-	-	-	-
Other liabilities	-	-	-	598
Due to other funds	-	-	-	-
<b>Total liabilities</b>	<b>-</b>	<b>83,468</b>	<b>83,468</b>	<b>260,796</b>
<b>DEFERRED INFLOWS</b>				
Property taxes	-	-	-	-
<b>Total deferred inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	-	-	-	5,113
Restricted to:				
Public safety	-	-	-	514,597
Lodgers promotion	-	-	-	62,936
Capital projects	4,345	478,823	483,168	537,127
Debt service	-	510,772	510,772	1,603,604
Subsequent years expenditures	-	-	-	-
Committed to:				
Economic developmnet	-	-	-	113,009
Culture and recreation	-	-	-	41,417
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>4,345</b>	<b>989,595</b>	<b>993,940</b>	<b>2,877,803</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 4,345</b>	<b>1,073,063</b>	<b>1,077,408</b>	<b>3,138,599</b>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
Year Ended June 30, 2015**

	Special Revenue Funds			
	Municipal Road Fund	Law Enforcement Protection	Local Government Correction	Economic Development
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	193,785	-	-	-
Franchise	-	-	-	-
Other	188,235	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental - federal	-	-	-	-
Intergovernmental - state	-	29,000	-	-
Intergovernmental - other	-	-	-	-
Charges for services	-	-	83,521	-
Fines	-	-	-	-
Investment earnings	814	38	-	216
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>382,834</b>	<b>29,038</b>	<b>83,521</b>	<b>216</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	28,434	104,202	-
Public works	114,270	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	599,457	5,020	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>713,727</b>	<b>33,454</b>	<b>104,202</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	(330,893)	(4,416)	(20,681)	216
Other Financing Sources (Uses)				
Transfers, in	375,000	-	17,000	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>375,000</b>	<b>-</b>	<b>17,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>44,107</b>	<b>(4,416)</b>	<b>(3,681)</b>	<b>216</b>
Fund balances, beginning of year	1,048,725	4,897	4,563	112,793
<b>Fund balances, end of year</b>	<b>\$ 1,092,832</b>	<b>481</b>	<b>882</b>	<b>113,009</b>



Special Revenue Funds (Continued)

Development Fees	Lodgers Tax	State Fire	Recreation	Airport	Total Special Revenue
-	-	-	-	-	-
-	-	-	-	-	193,785
-	-	-	-	-	-
4,000	51,002	-	-	-	239,237
-	-	-	-	-	4,000
-	-	194,691	-	7,156	230,847
-	-	-	-	-	-
-	-	-	-	16,541	100,062
69	89	1,000	-	107	2,333
-	-	-	-	17,105	17,105
4,069	51,091	195,691	-	40,909	787,369
-	-	-	-	57,474	57,474
-	-	38,909	-	-	171,545
-	-	-	-	-	114,270
-	-	-	-	-	-
-	28,015	-	-	-	28,015
-	-	-	-	-	604,477
-	-	-	-	-	-
-	-	-	-	-	-
-	28,015	38,909	-	57,474	975,781
4,069	23,076	156,782	-	(16,565)	(188,412)
-	-	-	-	30,000	422,000
-	-	-	-	-	-
-	-	-	-	30,000	422,000
4,069	23,076	156,782	-	13,435	233,588
34,037	40,916	359,152	3,311	41,881	1,650,275
38,106	63,992	515,934	3,311	55,316	1,883,863

**STATE OF NEW MEXICO  
CITY OF AZTEC  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS (CONTINUED)  
Year Ended June 30, 2015**

	Capital Projects			Total Nonmajor Governmental Funds
	Community Development Block Grant	Capital Projects Fund	Total Capital Projects	
Revenues				
Taxes:				
Property	\$ -	-	-	-
Gross receipts	-	581,304	581,304	775,089
Franchise	-	-	-	-
Other	-	-	-	239,237
Licenses and permits	-	-	-	4,000
Intergovernmental - federal	-	-	-	-
Intergovernmental - state	-	-	-	230,847
Intergovernmental - other	-	-	-	-
Charges for services	-	-	-	100,062
Fines	-	-	-	-
Investment earnings	-	4,609	4,609	6,942
Miscellaneous	-	206	206	17,311
<b>Total revenues</b>	-	586,119	586,119	1,373,488
Expenditures				
Current				
General government	-	18,892	18,892	76,366
Public safety	-	-	-	171,545
Public works	-	-	-	114,270
Public health and welfare	-	-	-	-
Culture and recreation	-	62,515	62,515	90,530
Capital outlay	-	49,495	49,495	653,972
Debt service				
Principal	-	165,939	165,939	165,939
Interest	-	173,822	173,822	173,822
<b>Total expenditures</b>	-	470,663	470,663	1,446,444
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	115,456	115,456	(72,956)
Other Financing Sources (Uses)				
Transfers, in	-	-	-	422,000
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	-	-	-	422,000
<b>Net change in fund balances</b>	-	115,456	115,456	349,044
Fund balances, beginning of year	4,345	874,139	878,484	2,528,759
<b>Fund balances, end of year</b>	\$ 4,345	989,595	993,940	2,877,803

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -**  
**MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS)**  
**Year Ended June 30, 2015**

	Joint Utility			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 9,534,500	9,534,500	9,748,818	214,318
Intergovernmental	350,000	350,000	25,401	(324,599)
Proceeds from debt issuance	3,648,764	3,648,764	-	(3,648,764)
Miscellaneous	121,000	121,000	259,562	138,562
Total revenues	<u>13,654,264</u>	<u>13,654,264</u>	<u>10,033,781</u>	<u>(3,620,483)</u>
<b>Expenses</b>				
Salaries and fringe benefits	1,598,867	1,610,692	1,375,757	234,935
Purchased power, fuel and chemicals	4,640,000	4,640,000	3,703,808	936,192
Other operating expenses	4,280,960	4,087,308	1,760,264	2,327,044
Payment in lieu of taxes	469,000	469,000	478,819	(9,819)
Debt principal payments	361,163	352,707	227,202	125,505
Capital outlay	7,394,598	7,581,327	989,192	6,592,135
Total expenses	<u>18,744,588</u>	<u>18,741,034</u>	<u>8,535,042</u>	<u>10,205,992</u>
<b>Other financing sources</b>				
Investment earnings	18,100	18,100	23,614	5,514
Gross receipts tax	91,654	91,654	96,873	5,219
Operating transfers in	1,453,139	1,453,139	839,992	(613,147)
Operating transfers (out)	(1,453,139)	(1,453,139)	(839,992)	613,147
Interest expense	(169,454)	(173,008)	(78,582)	94,426
	<u>(59,700)</u>	<u>(63,254)</u>	<u>41,905</u>	<u>105,159</u>
Change in net position	(5,150,024)	(5,150,024)	1,540,644	6,690,668
Net position, beginning of year	37,663,694	37,663,694	37,663,694	-
Restatement (Note 15)	(1,287,990)	(1,287,990)	(1,287,990)	-
Net position, beginning of year, as restated	36,375,704	36,375,704	36,375,704	-
Net position, end of year	<u>\$ 31,225,680</u>	<u>31,225,680</u>	<u>37,916,348</u>	<u>6,690,668</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			989,192	
Less depreciation expense			(1,644,267)	
Add debt principal payments			<u>227,202</u>	
GAAP basis net position			<u>\$ 37,488,475</u>	

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -**  
**MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS) - (CONTINUED)**  
**Year Ended June 30, 2015**

	Solid Waste			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 679,300	679,300	672,228	(7,072)
Intergovernmental	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Miscellaneous	-	-	2,096	2,096
<b>Total revenues</b>	<b>679,300</b>	<b>679,300</b>	<b>674,324</b>	<b>(4,976)</b>
<b>Expenses</b>				
Salaries and fringe benefits	25,570	25,570	23,312	2,258
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	720,390	720,390	680,518	39,872
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	-	-	-	-
<b>Total expenses</b>	<b>745,960</b>	<b>745,960</b>	<b>703,830</b>	<b>42,130</b>
<b>Other financing sources</b>				
Investment earnings	350	350	349	(1)
Gross receipts tax	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	<b>350</b>	<b>350</b>	<b>349</b>	<b>(1)</b>
Change in net position	(66,310)	(66,310)	(29,157)	37,153
Net position, beginning of year	201,465	201,465	201,465	-
Restatement (Note 15)	(23,329)	(23,329)	(23,329)	-
Net position, beginning of year, as restated	178,136	178,136	178,136	-
Net position, end of year	\$ <u>111,826</u>	<u>111,826</u>	148,979	<u>37,153</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			-	
Less depreciation expense			(2,377)	
Add debt principal payments			-	
GAAP basis net position			<u>\$ 146,602</u>	

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -**  
**MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS) - (CONTINUED)**  
**Year Ended June 30, 2015**

	Irrigation Assessment			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ 13,159	13,159	13,159	-
Intergovernmental	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>13,159</u>	<u>13,159</u>	<u>13,159</u>	<u>-</u>
<b>Expenses</b>				
Salaries and fringe benefits	-	-	-	-
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	18,645	18,645	2,977	15,668
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	56,706	56,706	54,028	2,678
Total expenses	<u>75,351</u>	<u>75,351</u>	<u>57,005</u>	<u>18,346</u>
<b>Other financing sources</b>				
Investment earnings	200	200	185	(15)
Gross receipts tax	-	-	-	-
Operating transfers in	-	-	-	-
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	<u>200</u>	<u>200</u>	<u>185</u>	<u>(15)</u>
Change in net position	(61,992)	(61,992)	(43,661)	18,331
Net position, beginning of year	199,113	199,113	199,113	-
Restatement (Note 15)	-	-	-	-
Net position, beginning of year, as restated	199,113	199,113	199,113	-
Net position, end of year	<u>\$ 137,121</u>	<u>137,121</u>	<u>155,452</u>	<u>18,331</u>
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			54,028	
Less depreciation expense			(5,282)	
Add debt principal payments			-	
GAAP basis net position			<u>\$ 204,198</u>	

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN NET POSITION -**  
**MAJOR ENTERPRISE FUNDS - BUDGET AND ACTUAL (NON-GAAP BASIS) - (CONTINUED)**  
**Year Ended June 30, 2015**

	Golf Course			
	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for services	\$ -	85,000	62,326	(22,674)
Intergovernmental	-	-	-	-
Proceeds from debt issuance	-	-	-	-
Miscellaneous	-	58,000	38,996	(19,004)
Total revenues	-	143,000	101,322	(41,678)
<b>Expenses</b>				
Salaries and fringe benefits	-	78,500	51,537	26,963
Purchased power, fuel and chemicals	-	-	-	-
Other operating expenses	-	129,500	76,621	52,879
Payment in lieu of taxes	-	-	-	-
Debt principal payments	-	-	-	-
Capital outlay	-	-	-	-
Total expenses	-	208,000	128,158	79,842
<b>Other financing sources</b>				
Investment earnings	-	-	7	7
Gross receipts tax	-	-	-	-
Operating transfers in	-	65,000	35,000	30,000
Operating transfers (out)	-	-	-	-
Interest expense	-	-	-	-
	-	65,000	35,007	30,007
Change in net position	-	-	8,171	8,171
Net position, beginning of year	-	-	-	-
Restatement (Note 15)	(27,918)	(27,918)	(27,918)	-
Net position, beginning of year, as restated	(27,918)	(27,918)	(27,918)	-
Net position, end of year	\$ (27,918)	(27,918)	(19,747)	8,171
<b>RECONCILIATION TO GAAP BASIS:</b>				
Add capital outlay			-	
Less depreciation expense			-	
Add debt principal payments			-	
GAAP basis net position			<u>\$ (19,747)</u>	

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**MUNICIPAL ROAD**  
**Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 347,276	347,276	382,020	34,744
Intergovernmental	3,629,963	3,629,963	-	(3,629,963)
Charges for services	-	-	-	-
Investment earnings	2,000	2,000	814	(1,186)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>3,979,239</u>	<u>3,979,239</u>	<u>382,834</u>	<u>(3,596,405)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	617,545	647,508	416,294	231,214
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	4,475,000	4,575,000	297,433	4,277,567
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>5,092,545</u>	<u>5,222,508</u>	<u>713,727</u>	<u>4,508,781</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(1,113,306)</u>	<u>(1,243,269)</u>	<u>(330,893)</u>	<u>912,376</u>
Other Financing Sources (Uses)				
Transfers, in	400,000	375,000	375,000	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>400,000</u>	<u>375,000</u>	<u>375,000</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(713,306)</u>	<u>(868,269)</u>	<u>44,107</u>	<u>912,376</u>
Fund balances, beginning of year	<u>1,048,725</u>	<u>1,048,725</u>	<u>1,048,725</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 335,419</u>	<u>180,456</u>	<u>1,092,832</u>	<u>912,376</u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**LAW ENFORCEMENT PROTECTION**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	29,000	29,600	29,000	(600)
Charges for services	-	-	-	-
Investment earnings	-	-	38	38
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>29,000</u>	<u>29,600</u>	<u>29,038</u>	<u>(562)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	33,788	28,768	28,434	334
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	5,020	5,020	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>33,788</u>	<u>33,788</u>	<u>33,454</u>	<u>334</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(4,788)</u>	<u>(4,188)</u>	<u>(4,416)</u>	<u>(228)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>(4,788)</u>	<u>(4,188)</u>	<u>(4,416)</u>	<u>(228)</u>
Fund balances, beginning of year	<u>4,897</u>	<u>4,897</u>	<u>4,897</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 109</u>	<u>709</u>	<u>481</u>	<u>(228)</u>



**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)  
LOCAL GOVERNMENT CORRECTION  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	85,000	85,000	83,521	(1,479)
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>85,000</u>	<u>85,000</u>	<u>83,521</u>	<u>(1,479)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	120,000	120,000	104,202	15,798
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>120,000</u>	<u>120,000</u>	<u>104,202</u>	<u>15,798</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(35,000)</u>	<u>(35,000)</u>	<u>(20,681)</u>	<u>14,319</u>
Other Financing Sources (Uses)				
Transfers, in	35,000	35,000	17,000	(18,000)
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>35,000</u>	<u>35,000</u>	<u>17,000</u>	<u>(18,000)</u>
<b>Net change in fund balances</b>	-	-	(3,681)	(3,681)
Fund balances, beginning of year	<u>4,563</u>	<u>4,563</u>	<u>4,563</u>	-
<b>Fund balances, end of year</b>	<u>\$ 4,563</u>	<u>4,563</u>	<u>882</u>	<u>(3,681)</u>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)  
ECONOMIC DEVELOPMENT  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	300	300	216	(84)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>300</u>	<u>300</u>	<u>216</u>	<u>(84)</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>300</u>	<u>300</u>	<u>216</u>	<u>(84)</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<u>300</u>	<u>300</u>	<u>216</u>	<u>(84)</u>
Fund balances, beginning of year	<u>112,793</u>	<u>112,793</u>	<u>112,793</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 113,093</u>	<u>113,093</u>	<u>113,009</u>	<u>(84)</u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**DEVELOPMENT FEES**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Licenses and permits	-	-	4,000	4,000
Investment earnings	100	100	69	(31)
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<u>100</u>	<u>100</u>	<u>4,069</u>	<u>3,969</u>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>100</u>	<u>100</u>	<u>4,069</u>	<u>3,969</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	<u>(32,003)</u>	<u>(32,003)</u>	<u>-</u>	<u>32,003</u>
<b>Total other financing sources (uses)</b>	<u>(32,003)</u>	<u>(32,003)</u>	<u>-</u>	<u>32,003</u>
<b>Net change in fund balances</b>	<u>(31,903)</u>	<u>(31,903)</u>	<u>4,069</u>	<u>35,972</u>
Fund balances, beginning of year	<u>34,037</u>	<u>34,037</u>	<u>34,037</u>	<u>-</u>
<b>Fund balances, end of year</b>	<u>\$ 2,134</u>	<u>2,134</u>	<u>38,106</u>	<u>35,972</u>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**LODGERS TAX**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 18,000	18,000	51,002	33,002
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	75	75	89	14
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>18,075</b>	<b>18,075</b>	<b>51,091</b>	<b>33,016</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	33,810	33,185	28,015	5,170
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>33,810</b>	<b>33,185</b>	<b>28,015</b>	<b>5,170</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(15,735)</u>	<u>(15,110)</u>	<u>23,076</u>	<u>38,186</u>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>(15,735)</b>	<b>(15,110)</b>	<b>23,076</b>	<b>38,186</b>
Fund balances, beginning of year	<u>40,916</u>	<u>40,916</u>	<u>40,916</u>	<u>-</u>
<b>Fund balances, end of year</b>	<b>\$ <u>25,181</u></b>	<b><u>25,806</u></b>	<b><u>63,992</u></b>	<b><u>38,186</u></b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**STATE FIRE**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	194,691	194,691	194,691	-
Charges for services	-	-	-	-
Investment earnings	1,000	1,000	1,000	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>195,691</b>	<b>195,691</b>	<b>195,691</b>	<b>-</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	151,800	151,800	38,909	112,891
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>151,800</b>	<b>151,800</b>	<b>38,909</b>	<b>112,891</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<b>43,891</b>	<b>43,891</b>	<b>156,782</b>	<b>112,891</b>
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>43,891</b>	<b>43,891</b>	<b>156,782</b>	<b>112,891</b>
Fund balances, beginning of year	359,152	359,152	359,152	-
<b>Fund balances, end of year</b>	<b>\$ 403,043</b>	<b>403,043</b>	<b>515,934</b>	<b>112,891</b>

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)  
RECREATION  
Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	-	-
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	3,311	3,311	3,311	-
<b>Fund balances, end of year</b>	<b>\$ 3,311</b>	<b>3,311</b>	<b>3,311</b>	<b>-</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**AIRPORT**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	775,500	774,500	7,156	(767,344)
Charges for services	-	79,200	16,541	(62,659)
Investment earnings	75	75	107	32
Miscellaneous	3,700	19,540	17,105	(2,435)
<b>Total revenues</b>	<b>779,275</b>	<b>873,315</b>	<b>40,909</b>	<b>(832,406)</b>
Expenditures				
Current				
General government	14,311	93,000	57,474	35,526
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	805,900	805,900	-	805,900
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>820,211</b>	<b>898,900</b>	<b>57,474</b>	<b>841,426</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(40,936)</u>	<u>(25,585)</u>	<u>(16,565)</u>	<u>9,020</u>
Other Financing Sources (Uses)				
Transfers, in	30,000	30,000	30,000	-
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(10,936)</b>	<b>4,415</b>	<b>13,435</b>	<b>9,020</b>
Fund balances, beginning of year	41,881	41,881	41,881	-
<b>Fund balances, end of year</b>	<b>\$ 30,945</b>	<b>46,296</b>	<b>55,316</b>	<b>9,020</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**COMMUNITY DEVELOPMENT BLOCK GRANT**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ -	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	-	-	-
Capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	-	-	-	-
Other Financing Sources (Uses)				
Transfers, in	-	-	-	-
Transfers, out	-	-	-	-
<b>Total other financing     sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	4,345	4,345	4,345	-
<b>Fund balances, end of year</b>	<b>\$ 4,345</b>	<b>4,345</b>	<b>4,345</b>	<b>-</b>



**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**STATEMENT OF REVENUES AND EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS) (CONTINUED)**  
**CAPITAL PROJECTS**  
**Year Ended June 30, 2015**

	Budgeted Amounts		Actual Amounts	Variance from Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 549,613	549,613	581,304	31,691
Intergovernmental	319,900	319,900	-	(319,900)
Charges for services	-	-	-	-
Investment earnings	1,500	1,500	4,609	3,109
Miscellaneous	-	-	206	206
<b>Total revenues</b>	<b>871,013</b>	<b>871,013</b>	<b>586,119</b>	<b>(284,894)</b>
Expenditures				
Current				
General government	20,000	20,000	18,892	1,108
Public safety	-	-	-	-
Public works	-	-	-	-
Public health and welfare	-	-	-	-
Culture and recreation	-	62,515	62,515	-
Capital outlay	682,000	619,484	49,495	569,989
Debt service				
Principal	165,974	166,467	165,939	528
Interest	178,172	177,679	173,822	3,857
<b>Total expenditures</b>	<b>1,046,146</b>	<b>1,046,145</b>	<b>470,663</b>	<b>575,482</b>
Excess (deficiency) of revenues over (under) expenditures before other financing sources (uses)	<u>(175,133)</u>	<u>(175,132)</u>	<u>115,456</u>	<u>290,588</u>
Other Financing Sources (Uses)				
Transfers, in	32,003	32,003	-	(32,003)
Transfers, out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>32,003</b>	<b>32,003</b>	<b>-</b>	<b>(32,003)</b>
<b>Net change in fund balances</b>	<b>(143,130)</b>	<b>(143,129)</b>	<b>115,456</b>	<b>258,585</b>
Fund balances, beginning of year	<u>991,679</u>	<u>991,679</u>	<u>874,139</u>	<u>(117,540)</u>
<b>Fund balances, end of year</b>	<b>\$ 848,549</b>	<b>848,550</b>	<b>989,595</b>	<b>141,045</b>

**STATE OF NEW MEXICO**  
**CITY OF AZTEC**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES - AGENCY FUNDS**  
**Year Ended June 30, 2015**  
**Employee Association Trust Fund**

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2015</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,674	5,023	(3,667)	6,030
Total Assets	\$ 4,674	5,023	(3,667)	6,030
<b>LIABILITIES</b>				
Deposits held for others	\$ 4,674	5,023	(3,667)	6,030
Total Liabilities	\$ 4,674	5,023	(3,667)	6,030

## **Other Supplemental Schedules**

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF PLEDGED COLLATERAL  
Year Ended June 30, 2015**

	Wells Fargo	Four Corners Community Bank	Citizens Bank of Farmington	Vectra Bank	Total
<b>Deposits in Bank or Savings and Loan</b>					
Demand deposits	\$ 539	-	3,545,083	-	3,545,622
Certificates of deposit	2,000,000	1,000,000	1,750,000	1,000,000	5,750,000
	<u>2,000,539</u>	<u>1,000,000</u>	<u>5,295,083</u>	<u>1,000,000</u>	<u>9,295,622</u>
Less: FDIC insurance	250,539	250,000	500,000	250,000	1,250,539
	<u>1,750,000</u>	<u>750,000</u>	<u>4,795,083</u>	<u>750,000</u>	<u>8,045,083</u>
<b>Total uninsured public funds</b>	<b>\$ 1,750,000</b>	<b>750,000</b>	<b>4,795,083</b>	<b>750,000</b>	<b>8,045,083</b>
<b>Collateral requirement @ 50%</b>	<b>\$ 875,000</b>	<b>375,000</b>	<b>2,397,542</b>	<b>375,000</b>	<b>4,022,542</b>
<b>Pledges and securities</b>					
FN A11163 4.500% 04/01/2041	\$ 1,380	-	-	-	1,380
FN AK1242 3.500% 04/01/2042	5,077	-	-	-	5,077
FN AK9742 3.500% 04/01/2042	13,151	-	-	-	13,151
FN AR7064 3.000% 03/01/2043	26,221	-	-	-	26,221
FN AR9199 3.000% 03/01/2043	12,830	-	-	-	12,830
FN AT7626 3.000% 06/01/2043	23,116	-	-	-	23,116
FN AU4290 4.000% 09/01/2043	749,074	-	-	-	749,074
FN 948092 6.000% 11/01/2037	2,390	-	-	-	2,390
FN A86848 3.000% 11/01/2042	10,504	-	-	-	10,504
FN AB9378 3.500% 05/01/2043	37,601	-	-	-	37,601
FN AB9757 3.500% 06/01/2043	861	-	-	-	861
FN MA0693 4.500% 04/01/2041	3,740	-	-	-	3,740
FN AE0113 4.000% 07/01/2040	172,934	-	-	-	172,934
FHLMC ARM POOL # 1B0773 1/1/2033	-	-	-	1,406,544	1,406,544
FHLB DALLAS 313381QZ1 1/18/2033	-	-	4,000,000	-	4,000,000
Ruidoso Muni S/D #2 781338JC3 8/1/19	-	200,000	-	-	200,000
Socorro Cnty N Mex Jail #833679BW2, 8/1/19	-	300,000	-	-	300,000
Total pledged securities	<u>1,058,879</u>	<u>500,000</u>	<u>4,000,000</u>	<u>1,406,544</u>	<u>6,965,423</u>
Excess (deficiency)	<u>\$ 183,879</u>	<u>125,000</u>	<u>1,602,458</u>	<u>1,031,544</u>	<u>2,942,881</u>

Safekeeping locations for the above securities are as follows:

Wells Fargo: Bank of New York Mellon

Four Corners Community Bank: Federal Home Loan Bank of Dallas, Texas (Dallas, TX)

Vectra Bank: Vectra Bank Colorado (Denver, CO)

Citizens Bank of Farmington: Federal Home Loan Bank of Dallas, Texas (Dallas, TX)

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF CASH AND INVESTMENT ACCOUNTS  
Year Ended June 30, 2015**

	Wells Fargo	Four Corners Community Bank	Citizens Bank of Farmington	Vectra Bank	Total
Deposits in Bank					
Demand deposits	\$ 539	-	3,545,083	-	3,545,622
Certificates of deposit	2,000,000	1,000,000	1,750,000	1,000,000	5,750,000
Total bank balance	<u>2,000,539</u>	<u>1,000,000</u>	<u>5,295,083</u>	<u>1,000,000</u>	<u>9,295,622</u>
Reconciling items					
Outstanding checks	-	-	(220,227)	-	(220,227)
Deposits in transit	-	-	28,603	-	28,603
Total adjustments	<u>-</u>	<u>-</u>	<u>(191,624)</u>	<u>-</u>	<u>(191,624)</u>
Total book balance	<u>\$ 2,000,539</u>	<u>1,000,000</u>	<u>5,103,459</u>	<u>1,000,000</u>	<u>9,103,998</u>
NM Treasurer Investment Pool					8,376,867
Cash with fiscal agent					510,772
Cash on hand					<u>2,700</u>
Total per financial statements					<u>\$ 17,994,337</u>

**Financial Statements:**

Cash, investments and cash equivalents		
Governmental funds	\$ 4,326,205	
Business-type funds	13,151,330	
Agency funds	6,030	
Cash with fiscal agent		
Governmental funds	510,772	
Business-type funds	-	
Total per financial statements	<u>\$ 17,994,337</u>	

**CITY OF AZTEC, NEW MEXICO  
SCHEDULE OF JOINT POWER AGREEMENTS  
FOR THE YEAR ENDING JUNE 30, 2015**

<b>Participants (including City of Aztec)</b>	<b>Responsible Party</b>	<b>Description</b>	<b>Dates of Agreement</b>	<b>Total Project</b>	<b>City Share</b>	<b>FY15 Amount</b>	<b>Audit Responsibility</b>
San Juan County	San Juan County	County jail operations	b. 10/05/04 t. none	variable	\$66.13/day/prisoner through 6/30/15; rate recalculated July 1 in subsequent years	\$ 104,202	San Juan County
Cities of Bloomfield & Farmington, San Juan County, San Juan County Crimestoppers, Inc.	San Juan County Crimestoppers, Inc.	Crime prevention program	b. 9/16/96 t. None	variable	pro-rata share of costs	\$ 5,486	San Juan County Crimestoppers, Inc.
Cities of Bloomfield & Farmington: San Juan County	San Juan County Criminal Justice Training Authority	Police Training	b. 8/07/96 t. none	variable	pro-rata share of costs	\$ 9,000	San Juan County Criminal Justice Training Authority
Cities of Bloomfield & Farmington: San Juan County	San Juan County Communications Authority	Communications	b. 5/24/92 t. none	variable	Once maximum Capital Equipment Replacement Fund balance reached, pro-rata share will be assessed to maintain CERF balance; Aztec share 6%		San Juan County Communications Authority
Cities of Bloomfield & Farmington: San Juan County, rural water associations	San Juan Water Commission	Water rights protection/acquisition /distribution	b. 3/28/86 t. none	variable	.5% of mill levy assessed on property taxes		San Juan Water Commission
Cities of Bloomfield & Farmington and San Juan County	City of Farmington	Municipal Planning Organization	b. 10/12 t. 9/2015	variable	pro-rata share (10%) of costs of MPO (operational and special projects)	\$ 4,276	City of Farmington
Cities of Bloomfield & Farmington: San Juan County, BLM, NM Environment Dept	City of Farmington	Trash Force (illegal dumping)	b. 9/26/91 t. none	variable	pro rata share		City of Farmington

**ADDITIONAL OTHER SUPPLEMENTARY SCHEDULES**

**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Source**  
**June 30, 2015**

	<b>2015</b>
<b>Governmental Funds Capital Assets:</b>	
Land	\$ 669,435
Buildings & Structures	8,700,095
Improvements Other than Buildings	4,056,156
Equipment & Machinery	6,250,116
Infrastructure	18,149,210
Construction (Projects) in Process	182,782
Total Governmental Funds Capital Assets	\$ 38,007,793
 <b>Investment in Governmental Funds Capital Assets by Source:</b>	
General Fund	\$ 14,249,553
Special revenue funds	12,794,868
Capital projects funds	9,908,409
Donations	1,054,963
Total Governmental Funds Capital Assets	\$ 38,007,793



**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**For the Year Ended June 30, 2015**

FUNCTION AND ACTIVITY	Improvements					Construction in Progress	Total
	Land	Buildings & Improvements	Other than Buildings	Machinery and Equipment	Infrastructure		
<b>General Government:</b>							
Legislative		\$ 12,398	\$ 1,865	\$ 2,018			\$ 16,281
Judicial		\$ 9,534		\$ 47,200			\$ 56,734
Executive	\$ 63,587	\$ 189,933	\$ 1,605	\$ 85,718			\$ 340,842
Finance Administration		\$ 402,118		\$ 109,731			\$ 511,849
Motor Vehicle		\$ 448,102		\$ 17,460			\$ 465,562
Community Development				\$ 87,774			\$ 87,774
Information Systems		\$ 2,412		\$ 230,693			\$ 233,104
Municipal Building Maint		\$ 180,161	\$ 28,037	\$ 27,589	\$ 5,225		\$ 241,013
Project Management			\$ 7,933	\$ 32,587			\$ 40,520
Total General Government	\$ 63,587	\$ 1,244,657	\$ 39,440	\$ 640,770	\$ 5,225	\$ -	\$ 1,993,679
<b>Public Safety:</b>							
Police		\$ 575,780	\$ 8,750	\$ 1,063,685			\$ 1,648,214
Fire	\$ 35,051	\$ 411,471	\$ 31,523	\$ 2,379,947			\$ 2,857,992
Animal Control		\$ 968,373	\$ 39,720	\$ 159,251			\$ 1,167,344
Total Public Safety	\$ 35,051	\$ 1,955,624	\$ 79,993	\$ 3,602,883	\$ -	\$ -	\$ 5,673,550
<b>Public Works:</b>							
Streets	\$ 134,153	\$ 215,976	\$ 252,151	\$ 999,980	\$ 15,796,341	\$ 139,138	\$ 17,537,739
Water				\$ 19,842			\$ 19,842
Electric					\$ 18,646		\$ 18,646
Total Public Works	\$ 134,153	\$ 215,976	\$ 252,151	\$ 1,019,822	\$ 15,814,987	\$ 139,138	\$ 17,576,227
<b>Culture and Recreation:</b>							
Parks & Recreation	\$ 426,644	\$ 1,245,441	\$ 3,646,775	\$ 684,658	\$ 238,273	\$ 43,644	\$ 6,285,434
Library		\$ 1,947,936	\$ 6,499	\$ 93,751			\$ 2,048,187
Airport	\$ 10,000	\$ 42,008	\$ 11,239	\$ 34,849	\$ 2,090,724		\$ 2,188,820
Total Culture and Recreation	\$ 436,644	\$ 3,235,385	\$ 3,664,513	\$ 813,258	\$ 2,328,997	\$ 43,644	\$ 10,522,441
<b>Health and Welfare:</b>							
Community Center		\$ 313,154	\$ 20,060	\$ 173,383			\$ 506,597
NESJC Family Center		\$ 1,735,299					\$ 1,735,299
Total Health and Welfare	\$ -	\$ 2,048,453	\$ 20,060	\$ 173,383	\$ -	\$ -	\$ 2,241,896
<b>Total Capital Assets</b>	<b>\$ 669,435</b>	<b>\$ 8,700,095</b>	<b>\$ 4,056,156</b>	<b>\$ 6,250,116</b>	<b>\$ 18,149,210</b>	<b>\$ 182,782</b>	<b>\$ 38,007,793</b>

**CITY OF AZTEC, NEW MEXICO**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule of Changes by Function and Activity**  
**For the Year Ended June 30, 2015**

FUNCTION AND ACTIVITY	<u>Capital Assets June 30, 2014</u>	<u>Additions</u>	<u>Reclassified</u>	<u>Transfers</u>	<u>Deductions</u>	<u>Capital Assets June 30, 2015</u>
<b>GENERAL GOVERNMENT:</b>						
Legislative	\$ 16,281					\$ 16,281
Judicial	\$ 47,200	9,534				\$ 56,734
Executive	\$ 340,842					\$ 340,842
Finance Administration	\$ 524,494				(12,645)	\$ 511,849
Motor Vehicle	\$ 465,562					\$ 465,562
Community Development	\$ 111,027				(23,254)	\$ 87,774
Information Systems	\$ 233,104					\$ 233,104
Municipal Building Maint	\$ 241,013					\$ 241,013
Project Management	\$ 40,520	-	-	-	-	\$ 40,520
Total General Government	<u>\$ 2,020,044</u>	<u>9,534</u>	<u>-</u>	<u>-</u>	<u>(35,899)</u>	<u>\$ 1,993,679</u>
<b>PUBLIC SAFETY:</b>						
Police	\$ 1,683,200	53,830		(23,174)	(65,642)	\$ 1,648,213
Fire	\$ 2,863,139				(5,146)	\$ 2,857,993
Animal Control	\$ 1,167,344	-	-	-	-	\$ 1,167,344
Total Public Safety	<u>\$ 5,713,683</u>	<u>53,830</u>	<u>-</u>	<u>(23,174)</u>	<u>(70,788)</u>	<u>\$ 5,673,550</u>
<b>PUBLIC WORKS:</b>						
Streets	\$ 17,053,703	484,036				\$ 17,537,739
Water				19,842		\$ 19,842
Electric	\$ 18,646	-	-	-	-	\$ 18,646
Total Public Works	<u>\$ 17,072,349</u>	<u>\$ 484,036</u>	<u>\$ -</u>	<u>\$ 19,842</u>	<u>\$ -</u>	<u>\$ 17,576,227</u>
<b>CULTURE AND RECREATION:</b>						
Parks & Recreation	\$ 5,964,203	408,895		(19,842)	(67,820)	\$ 6,285,436
Airport	\$ 2,165,646			23,174		\$ 2,188,821
Library	\$ 2,048,186	-	-	-	-	\$ 2,048,186
Total Culture and Recreation	<u>\$ 10,178,035</u>	<u>408,895</u>	<u>-</u>	<u>3,332</u>	<u>(67,820)</u>	<u>\$ 10,522,442</u>
<b>HEALTH AND WELFARE:</b>						
Community Center	\$ 475,508	35,501			(4,413)	\$ 506,596
NESJC Family Center	\$ 1,735,299					\$ 1,735,299
Total Health and Welfare	<u>\$ 2,210,807</u>	<u>35,501</u>	<u>-</u>	<u>-</u>	<u>(4,413)</u>	<u>\$ 2,241,895</u>
<b>Total Capital Assets</b>	<u><u>\$ 37,194,918</u></u>	<u><u>\$ 991,795</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (178,920)</u></u>	<u><u>\$ 38,007,793</u></u>
<b>ACCUMULATED DEPRECIATION</b>	<u><u>\$ 15,187,994</u></u>	<u><u>\$ 1,458,766</u></u>			<u><u>\$ (176,698)</u></u>	<u><u>\$ 16,470,062</u></u>

Schedule 1

City of Aztec  
**Net Position by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental activities</b>										
Net investment in capital assets	\$ 10,427,544	\$ 11,583,291	\$ 11,517,852	\$ 15,048,147	\$ 12,817,692	\$ 15,877,838	\$ 16,106,487	\$ 16,357,638	\$ 18,187,236	\$ 17,883,982
Restricted	765,441	857,582	907,377	857,112	739,306	4,553,662	3,983,424	3,806,581	2,528,759	2,877,803
Unrestricted	7,456,271	7,918,899	9,971,284	8,620,444	7,802,526	4,006,565	5,187,030	4,075,048	3,909,535	(920,431)
Total governmental activities net position	\$ 18,649,256	\$ 20,359,772	\$ 22,396,513	\$ 24,525,703	\$ 21,359,524	\$ 24,438,065	\$ 25,276,941	\$ 24,239,267	\$ 24,625,530	\$ 19,841,354
<b>Business-type activities</b>										
Net investment in capital assets	\$ 13,784,572	\$ 14,387,194	\$ 14,951,711	\$ 16,940,492	\$ 21,749,963	\$ 21,481,586	\$ 23,814,365	\$ 25,110,714	\$ 25,384,751	\$ 25,066,433
Restricted	45,918	50,157	54,261	92,465	69,135	443,456	250,000	555,000	555,000	555,000
Unrestricted	7,080,613	7,992,084	9,442,598	10,533,764	12,369,283	13,537,163	12,547,460	11,615,482	12,124,521	12,198,095
Total business-type activities net position	\$ 20,911,103	\$ 22,429,435	\$ 24,448,570	\$ 27,566,721	\$ 34,188,381	\$ 35,462,205	\$ 36,611,825	\$ 37,281,196	\$ 38,064,272	\$ 37,819,528
<b>Primary government</b>										
Net investment in capital assets	\$ 24,212,116	\$ 25,970,485	\$ 26,469,563	\$ 31,988,639	\$ 34,567,655	\$ 37,359,424	\$ 39,920,852	\$ 41,468,352	\$ 43,571,987	\$ 42,950,415
Restricted	811,359	907,739	961,638	949,577	808,441	4,997,118	4,233,424	4,361,581	3,083,759	3,432,803
Unrestricted	14,536,884	15,910,983	19,413,882	19,154,208	20,171,809	17,543,728	17,734,490	15,690,530	16,034,056	11,277,664
Total primary government net position	\$ 39,560,359	\$ 42,789,207	\$ 46,845,083	\$ 52,092,424	\$ 55,547,905	\$ 59,900,270	\$ 61,888,766	\$ 61,520,463	\$ 62,689,802	\$ 57,660,882

**Source:** City of Aztec Annual Financial Reports

**Note:** The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 200:

**City of Aztec**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$ 1,274,513	\$ 1,815,671	\$ 2,110,680	\$ 1,983,249	\$ 2,257,458	\$ 2,199,348	\$ 1,961,789	\$ 2,246,743	\$ 1,964,074	\$ 2,326,401
Public Safety	1,905,168	2,229,695	2,733,897	2,862,497	3,755,435	1,891,687	1,915,374	2,114,730	2,165,969	1,997,270
Public Works	990,905	3,532,321	2,084,200	1,921,141	3,887,767	1,370,015	2,196,404	1,888,341	1,681,645	1,290,631
Health & Welfare	154,996					620,409	675,436	636,508	900,447	665,443
Culture and Recreation	668,126	1,055,677	1,285,597	1,414,843	2,289,542	1,317,231	1,442,998	1,862,384	1,638,610	1,647,198
Interest on Long Term Debt							189,666	184,288	179,861	173,822
<b>Total Governmental Activities</b>	<u>4,993,708</u>	<u>8,633,364</u>	<u>8,214,374</u>	<u>8,181,730</u>	<u>12,190,202</u>	<u>7,398,690</u>	<u>8,381,667</u>	<u>8,932,994</u>	<u>8,530,606</u>	<u>8,100,765</u>
<b>Business Type Activities</b>										
Joint Utility	5,743,024	7,841,078	8,177,753	7,985,060	9,367,458	8,610,592	8,549,579	9,165,391	9,392,921	9,037,980
Solid Waste	533,877	588,533	610,138	649,266	660,642	672,483	693,121	691,877	729,951	706,207
Irrigation	24,550	6,812	7,008	7,159	8,016	9,309	14,492	12,199	7,759	8,259
Golf Course	-	-	-	-	-	-	-	-	-	128,158
<b>Total Business Type Activities</b>	<u>6,301,451</u>	<u>8,436,423</u>	<u>8,794,899</u>	<u>8,651,485</u>	<u>10,036,116</u>	<u>9,292,394</u>	<u>9,257,192</u>	<u>9,869,467</u>	<u>10,130,631</u>	<u>9,880,604</u>
<b>Total Expenses</b>	<u>\$11,295,159</u>	<u>\$17,069,787</u>	<u>\$17,009,273</u>	<u>\$16,833,215</u>	<u>\$22,226,318</u>	<u>\$16,691,084</u>	<u>\$17,638,859</u>	<u>\$18,802,461</u>	<u>\$18,661,237</u>	<u>\$17,981,369</u>
<b>Program Revenues</b>										
<b>Governmental activities</b>										
Charges for services	\$ 765,094	\$ 748,151	\$ 887,570	\$ 168,223	\$ 150,871	\$ 234,996	\$ 284,305	\$ 744,822	\$ 730,086	\$ 747,857
General Government	46,924	72,413	85,907	676,813	512,697	444,413	390,107	231,869	85,887	83,521
Public Safety	306	85,366	101,274	94,643	84,884	28,480	28,919	395	-	-
Health & Welfare	6,814					25,531	27,640	44,568	-	-
Culture and Recreation	5,758	16,244	19,272	82,711	74,042	49,566	49,401	32,032	5,500	4,000
Operating grants and contributions	388,499	1,296,919	1,063,924	429,943	437,993	269,709	756,548	451,773	793,464	511,129
Capital grants and contributions	373,773	1,893,140	865,010	2,692,365	2,742,777	3,578,843	943,526	16,524	900,000	-
<b>Total Governmental Activities</b>	<u>1,587,168</u>	<u>4,112,233</u>	<u>3,022,957</u>	<u>4,144,698</u>	<u>4,003,264</u>	<u>4,631,538</u>	<u>2,480,446</u>	<u>1,521,983</u>	<u>2,514,937</u>	<u>1,346,507</u>
<b>Business-type activities</b>										
Charges for services	6,286,230	8,695,555	9,549,963	9,806,660	9,569,623	9,534,607	9,465,404	9,596,002	9,817,481	9,748,818
Joint Utility	529,623	579,151	592,309	659,621	678,640	691,561	687,382	680,822	683,547	672,228
Solid Waste	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159	13,159
Irrigation	-	-	-	-	-	-	-	-	-	62,326
Golf Course	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	107,189	224,236	266,056	308,650	5,689,497	172,931	96,640	114,652	70,915	25,401
Capital grants and contributions	6,936,201	9,512,101	10,421,487	10,788,090	15,950,919	10,412,258	10,262,585	10,404,635	10,585,102	10,521,932
<b>Total Business-Type Activities</b>	<u>\$ 8,523,369</u>	<u>\$13,624,334</u>	<u>\$13,444,444</u>	<u>\$14,932,788</u>	<u>\$19,954,183</u>	<u>\$15,043,796</u>	<u>\$12,743,031</u>	<u>\$11,926,618</u>	<u>\$13,100,039</u>	<u>\$11,868,439</u>

**Source:** City of Aztec CAFRs

**Note:** The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

City of Aztec  
 Changes in Net Position  
 Last Ten Fiscal Years  
 (accrual basis of accounting)

	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Net (Expenses)/Revenues</b>										
Governmental activities	\$ (3,406,540)	\$ (4,521,131)	\$ (5,191,417)	\$ (4,037,032)	\$ (8,186,938)	\$ (2,767,152)	\$ (5,901,221)	\$ (7,411,011)	\$ (6,015,669)	\$ (6,754,258)
Business-type activities	634,750	1,075,678	1,626,588	2,136,605	5,914,803	1,119,864	1,005,393	535,168	454,471	641,328
Total Net Expenses	<u>\$ (2,771,790)</u>	<u>\$ (3,445,453)</u>	<u>\$ (3,564,829)</u>	<u>\$ (1,900,427)</u>	<u>\$ (2,272,135)</u>	<u>\$ (1,647,288)</u>	<u>\$ (4,895,828)</u>	<u>\$ (6,875,843)</u>	<u>\$ (5,561,198)</u>	<u>\$ (6,112,930)</u>
<b>General Revenues and Other Changes in Net Assets</b>										
Governmental Activities										
Taxes										
Gross receipts taxes	\$ 3,736,964	\$ 4,582,503	\$ 5,478,504	\$ 5,384,771	\$ 4,090,147	\$ 4,255,156	\$ 5,029,168	\$ 4,816,122	\$ 4,761,159	\$ 4,646,288
Property taxes	393,056	424,940	479,294	537,994	522,553	571,668	588,699	592,685	631,249	617,819
Franchise taxes		534,301	523,744	478,811	474,311	544,923	552,008	564,375	588,965	577,449
Other taxes	661,208	224,579	253,673	193,978	237,649	187,401	180,947	183,573	206,771	239,237
Miscellaneous	100,823	116,688	107,739	102,597	176,437	247,095	378,685	199,082	202,254	202,075
Unrestricted investment earnings	168,848	343,285	333,053	164,524	58,916	40,310	23,867	20,984	12,751	11,784
Loss on disposition	5,263						(13,277)	(3,484)	(1,217)	(2,222)
Transfers	170,493	5,351	52,151	(696,453)	(539,254)	(860)	-	-	-	(35,000)
Total general revenues and transfers	5,236,655	6,231,647	7,228,158	6,166,222	5,020,759	5,845,693	6,740,097	6,373,337	6,401,932	6,257,430
Business-type Activities										
Environmental taxes	78,146	96,021	114,872	112,593	85,308	88,721	102,074	100,623	99,433	96,873
Unrestricted investment earnings	113,249	351,984	329,826	172,500	82,295	64,379	42,153	33,580	13,088	24,155
Miscellaneous	31,089						-	-	216,084	300,654
Loss on disposition	550						-	-	-	(3,517)
Transfers	(170,493)	(5,351)	(52,151)	696,453	539,254	860	-	-	-	35,000
Total Business-type activities	52,541	442,654	392,547	981,546	706,857	153,960	144,227	134,203	328,605	453,165
Total primary government	<u>\$ 5,289,196</u>	<u>\$ 6,674,301</u>	<u>\$ 7,620,705</u>	<u>\$ 7,147,768</u>	<u>\$ 5,727,616</u>	<u>\$ 5,999,653</u>	<u>\$ 6,884,324</u>	<u>\$ 6,507,540</u>	<u>\$ 6,730,537</u>	<u>\$ 6,710,595</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,830,115	\$ 1,710,516	\$ 2,036,741	\$ 2,129,190	\$ (3,166,179)	\$ 3,078,541	\$ 838,876	\$ (1,037,674)	\$ 386,263	\$ (496,828)
Business-type activities	687,291	1,518,332	2,019,135	3,118,151	6,621,660	1,273,824	1,149,620	669,371	783,076	1,094,493
Total Change in Net Position	<u>\$ 2,517,406</u>	<u>\$ 3,228,848</u>	<u>\$ 4,055,876</u>	<u>\$ 5,247,341</u>	<u>\$ 3,455,481</u>	<u>\$ 4,352,365</u>	<u>\$ 1,988,496</u>	<u>\$ (368,303)</u>	<u>\$ 1,169,339</u>	<u>\$ 597,665</u>

Source: City of Aztec CAFRs

Note: The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

**Schedule 3**

	Fiscal Year									
	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
General Fund										
Reserved	\$ 606,874	\$ 697,196	\$ 741,181	\$ 706,187	\$ 588,192	\$ 658,710	\$ 701,366			
Unreserved	4,088,709	3,751,236	4,612,717	4,677,120	4,617,847	991,707	700	4,445	1,976	5,536
Nonspendable								702,138	741,721	713,702
Restricted										
Committed										
Assigned										
Unassigned										
Total general fund	<u>\$ 4,695,583</u>	<u>\$ 4,448,432</u>	<u>\$ 5,353,898</u>	<u>\$ 5,383,307</u>	<u>\$ 5,206,039</u>	<u>\$ 5,311,174</u>	<u>\$ 5,476,715</u>	<u>\$ 4,415,167</u>	<u>\$ 3,644,918</u>	<u>\$ 2,921,523</u>
All other governmental funds										
Reserved	\$ 158,567	\$ 160,386	\$ 166,196	\$ 150,925	\$ 151,114	\$ 3,280				
Unreserved	3,208,869	4,058,982	5,235,656	7,113,428	4,545,704					
Nonspendable							1,413	4,436	4,110	5,113
Restricted						3,894,952	3,282,058	3,104,443	2,374,508	2,718,264
Committed						159,155	138,983	144,362	150,141	154,426
Assigned										
Unassigned										
Total all other governmental funds	<u>\$ 3,367,436</u>	<u>\$ 4,219,368</u>	<u>\$ 5,401,852</u>	<u>\$ 7,264,353</u>	<u>\$ 4,696,818</u>	<u>\$ 4,057,387</u>	<u>\$ 3,422,454</u>	<u>\$ 3,253,241</u>	<u>\$ 2,528,759</u>	<u>\$ 2,877,803</u>

**Source:** City of Aztec CAFRs

**Note:** The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

Schedule 4

**City of Aztec**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
*(modified accrual basis of accounting)*

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Taxes	\$ 5,073,253	\$ 5,726,747	\$ 6,690,398	\$ 6,532,742	\$ 5,311,666	\$ 5,523,540	\$ 6,329,548	\$ 6,143,275	\$ 6,188,144	\$ 6,080,793
Licenses and permits	143,461	109,720	162,575	57,827	62,683	63,336	62,258	64,651	76,768	68,161
Intergovernmental	1,696,330	3,190,059	1,928,934	3,122,308	3,180,770	3,848,552	1,700,074	689,376	1,693,464	511,129
Charges for services	331,608	336,988	380,726	398,851	324,776	356,739	328,007	359,333	332,955	374,904
Fines	492,108	475,466	550,722	565,712	435,035	362,911	390,107	408,623	411,750	392,313
Investment earnings	277,530	343,285	333,053	164,524	58,916	40,310	23,867	20,984	12,751	11,784
Miscellaneous	123,171	116,688	107,739	102,597	176,437	247,095	378,685	199,082	202,254	202,075
<b>Total Revenues</b>	<b>8,137,461</b>	<b>10,298,953</b>	<b>10,154,147</b>	<b>10,944,561</b>	<b>9,550,283</b>	<b>10,442,483</b>	<b>9,212,546</b>	<b>7,885,324</b>	<b>8,918,086</b>	<b>7,641,159</b>
<b>Expenditures</b>										
<b>Current</b>										
General Government	1,169,572	1,632,016	1,665,357	1,833,036	1,763,356	1,804,289	1,886,575	2,034,603	1,933,642	2,286,838
Public Safety	1,908,208	1,967,451	2,421,134	2,651,381	2,409,157	1,728,707	1,783,255	1,978,046	1,943,569	1,887,636
Public Works	1,499,247	3,123,766	1,651,035	1,625,807	1,413,715	970,391	1,531,750	1,205,751	1,110,026	784,922
Health & Welfare						553,191	633,678	595,731	852,462	629,950
Culture and Recreation	887,098	910,885	1,068,047	1,205,663	1,143,772	1,087,033	1,081,789	1,275,462	990,588	1,059,608
<b>Debt</b>										
Principal	104,416	107,571	111,177	196,093	156,847	144,353	149,400	153,943	158,826	165,939
Interest	67,844	64,694	61,092	159,915	201,088	195,574	190,551	185,236	179,861	173,822
Capital Outlay	2,835,064	1,893,140	1,140,506	4,051,683	4,667,897	4,492,381	2,424,940	1,687,313	3,243,843	991,795
<b>Total expenditures</b>	<b>8,471,449</b>	<b>9,699,523</b>	<b>8,118,348</b>	<b>11,723,578</b>	<b>11,755,832</b>	<b>10,975,919</b>	<b>9,681,938</b>	<b>9,116,085</b>	<b>10,412,817</b>	<b>7,980,510</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(333,988)</b>	<b>599,430</b>	<b>2,035,799</b>	<b>(779,017)</b>	<b>(2,205,549)</b>	<b>(533,436)</b>	<b>(469,392)</b>	<b>(1,230,761)</b>	<b>(1,494,731)</b>	<b>(339,351)</b>
<b>Other Financing Sources (Uses)</b>										
Operating transfers in	1,505,000	1,556,488	719,713	866,218	680,999	189,763	233,975	209,000	434,469	422,000
Operating transfers out	(1,702,436)	(1,551,137)	(667,562)	(1,562,671)	(1,220,253)	(190,623)	(233,975)	(209,000)	(434,469)	(457,000)
Proceeds from long-term debt, net										
Proceeds from sale of capital assets										
Bonds Issued				3,367,380		(860)				
<b>Total other financing sources and uses</b>	<b>(197,436)</b>	<b>5,351</b>	<b>52,151</b>	<b>2,670,927</b>	<b>(539,254)</b>	<b>(860)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(35,000)</b>
<b>Net change in fund balances</b>	<b>\$ (531,424)</b>	<b>\$ 604,781</b>	<b>\$ 2,087,950</b>	<b>\$ 1,891,910</b>	<b>\$ (2,744,803)</b>	<b>\$ (534,296)</b>	<b>\$ (469,392)</b>	<b>\$ (1,230,761)</b>	<b>\$ (1,494,731)</b>	<b>\$ (374,351)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	2%	2%	2%	4%	4%	5%	5%	4%	4%	5%

**Source:** City of Aztec CAFRS

**Note:** The city began reporting accrual information with the implementation of GASB Statement 34 in fiscal year 2003

**City of Aztec**  
**Tax Revenues by Source, Governmental Funds**  
**Last Ten Fiscal Years**

**Schedule 5**

<b>Fiscal Year</b>	<b>Gross</b>			<b>Franchise Tax</b>	<b>Other Taxes</b>	<b>Total Taxes</b>
	<b>Receipts Tax</b>	<b>Property Tax</b>	<b>Property Tax</b>			
2015	\$ 4,646,288	\$ 617,819	\$ 577,449	\$ 239,237	\$ 6,080,793	
2014	4,761,159	631,249	588,965	206,771	6,188,144	
2013	4,816,122	579,205	564,375	183,573	6,143,275	
2012	5,029,168	588,699	552,008	180,947	6,350,822	
2011	4,255,156	571,668	544,923	187,401	5,559,148	
2010	4,090,147	522,553	474,311	237,649	5,324,660	
2009	5,384,771	537,994	478,811	193,978	6,595,554	
2008	5,478,504	479,294	523,744	253,673	6,735,215	
2007	4,582,503	424,940	534,301	224,579	5,766,323	
2006	3,998,584	398,982	471,109	244,563	5,113,238	



City of Aztec  
Taxable Gross Receipts by Industry  
Last Ten Fiscal Years

Ending 6/30	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Agriculture	\$ 32,828	\$ 14,510	\$ 66,648	\$ 32,000	\$ 34,759	\$ 13,186	\$ 386	\$ 825	\$ 221	\$ 12,548
Mining	\$ 27,129,379	\$ 47,421,297	\$ 40,943,503	\$ 47,218,262	\$ 26,321,710	\$ 17,689,324	\$ 21,172,800	\$ 19,852,855	\$ 20,192,110	\$ 10,126,077
Utilities	\$ 4,417,821	\$ 4,073,931	\$ 6,154,097	\$ 3,621,352	\$ 3,370,924	\$ 3,233,545	\$ 3,103,283	\$ 3,143,834	\$ 3,654,621	\$ 2,891,595
Construction	\$ 17,320,883	\$ 19,573,186	\$ 26,635,255	\$ 49,389,628	\$ 35,834,152	\$ 26,175,393	\$ 31,681,821	\$ 13,292,359	\$ 19,570,979	\$ 11,938,201
Manufacturing	\$ 6,509,903	\$ 6,996,952	\$ 8,128,772	\$ 11,806,566	\$ 8,157,517	\$ 9,220,855	\$ 9,480,883	\$ 17,029,297	\$ 10,426,483	\$ 6,019,867
Wholesale Trade	\$ 5,428,966	\$ 6,704,276	\$ 38,967,614	\$ 24,848,993	\$ 13,832,221	\$ 18,843,145	\$ 23,766,014	\$ 18,176,166	\$ 18,777,600	\$ 8,161,651
Retail Trade	\$ 36,764,303	\$ 40,674,759	\$ 42,089,379	\$ 38,004,248	\$ 35,622,179	\$ 34,872,717	\$ 35,412,028	\$ 38,133,131	\$ 35,888,110	\$ 20,552,737
Transportation	\$ 230,731	\$ 583,779	\$ 138,152	\$ 338,041	\$ 451,200	\$ 583,062	\$ 3,274,041	\$ 1,919,283	\$ 3,176,828	\$ 2,424,693
Information and Cultural	\$ 6,995,807	\$ 7,101,186	\$ 8,407,172	\$ 9,492,745	\$ 12,584,386	\$ 14,493,738	\$ 16,325,683	\$ 17,571,531	\$ 17,465,490	\$ 9,673,272
Finance and Insurance	\$ 421,352	\$ 720,166	\$ 995,476	\$ 808,828	\$ 704,552	\$ 462,510	\$ 526,014	\$ 1,036,083	\$ 1,028,359	\$ 211,079
Real Estate	\$ 7,295,172	\$ 10,999,724	\$ 8,102,786	\$ 9,713,103	\$ 5,212,524	\$ 4,508,303	\$ 5,615,172	\$ 7,552,828	\$ 7,164,855	\$ 6,114,118
Professional, Scientific, Technical Services	\$ 6,103,503	\$ 7,376,772	\$ 6,075,255	\$ 8,177,986	\$ 5,464,276	\$ 5,990,621	\$ 11,916,579	\$ 7,637,572	\$ 10,817,766	\$ 7,718,100
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,855)	\$ -
Administrative & Support	\$ 230,069	\$ 655,834	\$ 492,193	\$ 801,766	\$ 1,258,041	\$ 666,814	\$ 1,224,552	\$ 1,189,407	\$ 1,036,219	\$ 1,342,644
Educational Services	\$ 8,883	\$ 2,428	\$ 14,786	\$ 54,731	\$ 30,014	\$ 166,731	\$ 72,607	\$ 130,759	\$ 93,903	\$ 4,860
Health Care	\$ 2,047,503	\$ 3,592,717	\$ 3,684,910	\$ 4,070,566	\$ 5,158,455	\$ 5,332,469	\$ 6,295,117	\$ 12,103,614	\$ 12,350,566	\$ 8,059,103
Arts	\$ 78,510	\$ 107,807	\$ 42,869	\$ 343,503	\$ 340,469	\$ 422,510	\$ 668,414	\$ 809,786	\$ 843,752	\$ 459,162
Accommodation and Food Services	\$ 18,788,138	\$ 19,887,503	\$ 21,466,593	\$ 22,760,552	\$ 21,165,241	\$ 19,218,703	\$ 20,716,855	\$ 21,590,290	\$ 21,137,269	\$ 14,900,495
Other Services	\$ 35,097,655	\$ 36,618,593	\$ 37,903,945	\$ 40,499,807	\$ 26,511,890	\$ 24,334,400	\$ 25,814,290	\$ 37,417,600	\$ 41,935,669	\$ 29,107,132
Public Administration	\$ 1,612,690	\$ 1,513,710	\$ 2,546,538	\$ 552,166	\$ 1,288,441	\$ 3,301,903	\$ 1,815,007	\$ 3,480,221	\$ 2,051,366	\$ 376,657
Food Distribution (d)	\$ 24,771,972	\$ 25,078,400	\$ 31,883,476	\$ 27,880,221	\$ 28,456,717	\$ 30,064,276	\$ 47,914,152	\$ 42,859,200	\$ 30,137,103	\$ 27,510,731
Medical Distribution (d)	\$ 1,394,538	\$ 1,861,241	\$ 2,144,497	\$ 2,333,903	\$ 2,657,490	\$ 2,972,524	\$ 3,575,834	\$ 4,449,545	\$ 4,347,034	\$ 4,748,745
Unclassified/Undisclosed (a)	\$ 22,002,538	\$ 5,816,276	\$ 11,683,310	\$ 7,223,669	\$ 6,620,966	\$ 6,907,697	\$ 5,281,766	\$ 4,103,890	\$ 6,206,455	\$ 2,125,736
Trans, Comm, Util (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Services (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Finance, Insurance, Real Estate (c)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ 224,683,145</b>	<b>\$ 247,377,048</b>	<b>\$ 298,567,228</b>	<b>\$ 309,972,634</b>	<b>\$ 238,078,124</b>	<b>\$ 229,474,428</b>	<b>\$ 275,662,455</b>	<b>\$ 273,480,056</b>	<b>\$ 268,297,903</b>	<b>\$ 174,479,204</b>
City Direct Sales Tax Rate	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%	1.8125%

**Source:** State of New Mexico Department of Taxation & Revenue monthly distribution reports

(a) Data has been suppressed for purposes of taxpayer confidentiality. Information is suppressed when too few taxpayers are included in a category.

(b) Although the figures in the table have been derived from "NM\_FR003-500 Local Govt Distribution Summary" issued monthly by the State, the State suppresses revenue information in certain categories, if release of the information would compromise the confidentiality of an individual taxpayer. Accordingly, the "Taxable Gross Receipts Tax" totals in this table will differ from those in other tables.

(c) Beginning with the 1st Quarter of FY 2004, the State changed the gross receipts tax classification system in the report NM\_FR003-500 Local Govt Distribution Summary, from the Standard Industrial Classification format to the North American Industrial Classification format.

(d) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

**City of Aztec**  
**Direct and Overlapping Gross Receipts Tax Rates**  
**Last Ten Fiscal Years** **Schedule 7**

Fiscal Year	City Share of			San Juan County Rate	Total City GRT Rate
	State GRT Rate	State GRT Rate	City Direct Rate		
2015 (d)	3.9000%	1.2250%	1.8125%	1.0625%	8.0000%
2014 (c)	3.9000%	1.2250%	1.8125%	0.8750%	7.8125%
2013	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2012	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2011	3.9000%	1.2250%	1.8125%	0.8125%	7.7500%
2010	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2009	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2008	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2007	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%
2006	3.7750%	1.2250%	1.8125%	0.8125%	7.6250%

**Source:** State of New Mexico Taxation and Revenue Department

(a) City Ordinance 2003-305 imposed 1/4% capital project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

(b) City Ordinance 2003-304 imposed 1/8% infrastructure project gross receipts tax rate, adopted by governing body November 4, 2003, approved by voters during special municipal election January 13, 2004, enacted July 1, 2004

(c) San Juan County imposed 1/16%, adopted by government board, enacted January 1, 2014

**City of Aztec**  
**Taxable Gross Receipts Payers by Industry**  
**Current Year and One Year Ago**

Schedule 8

	Fiscal Year 2015				Fiscal Year 2014			
	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Ending 6/30								
Agriculture	1	0.17%	\$ 12,548	0.01%	1	0.15%	\$ 221	0.00%
Mining	13	2.20%	\$ 10,126,077	5.80%	14	2.15%	\$ 20,192,110	7.53%
Utilities	4	0.68%	\$ 2,891,595	1.66%	4	0.61%	\$ 3,654,621	1.36%
Construction	52	8.81%	\$ 11,938,201	6.84%	63	9.66%	\$ 19,570,979	7.29%
Manufacturing	21	3.56%	\$ 6,019,867	3.45%	26	3.99%	\$ 10,426,483	3.89%
Wholesale Trade	39	6.61%	\$ 8,161,651	4.68%	45	6.90%	\$ 18,777,600	7.00%
Retail Trade	144	24.41%	\$ 20,552,737	11.78%	157	24.08%	\$ 35,888,110	13.38%
Transportation	4	0.68%	\$ 2,424,693	1.39%	4	0.61%	\$ 3,176,828	1.18%
Information and Cultural	59	10.00%	\$ 9,673,272	5.54%	56	8.59%	\$ 17,465,490	6.51%
Finance and Insurance	6	1.02%	\$ 211,079	0.12%	8	1.23%	\$ 1,028,359	0.38%
Real Estate	27	4.58%	\$ 6,114,118	3.50%	24	3.68%	\$ 7,164,855	2.67%
Professional, Scientific, Technical Services	49	8.31%	\$ 7,718,100	4.42%	50	7.67%	\$ 10,817,766	4.03%
Management		0.00%		0.00%		0.00%	\$ (4,855)	0.00%
Administrative & Support	20	3.39%	\$ 1,342,644	0.77%	20	3.07%	\$ 1,036,219	0.39%
Educational Services		0.00%	\$ 4,860	0.00%	3	0.46%	\$ 93,903	0.03%
Health Care	26	4.41%	\$ 8,059,103	4.62%	29	4.45%	\$ 12,350,566	4.60%
Arts	4	0.68%	\$ 459,162	0.26%	7	1.07%	\$ 843,752	0.31%
Accommodation and Food Services	23	3.90%	\$ 14,900,495	8.54%	23	3.53%	\$ 21,137,269	7.88%
Other Services	97	16.44%	\$ 29,107,132	16.68%	117	17.94%	\$ 41,935,669	15.63%
Public Administration	1	0.17%	\$ 376,657	0.22%	1	0.15%	\$ 2,051,366	0.76%
Food Distribution (a) (c)		0.00%	\$ 27,510,731	15.77%		0.00%	\$ 30,137,103	11.23%
Medical Distribution (a) (c)		0.00%	\$ 4,748,745	2.72%		0.00%	\$ 4,347,034	1.62%
Unclassified/Undisclosed (a)		0.00%	\$ 2,125,736	1.22%		0.00%	\$ 6,206,455	2.31%
<b>Total</b>	<b>590</b>	<b>100.00%</b>	<b>\$174,479,203</b>	<b>100.00%</b>	<b>652</b>	<b>100.00%</b>	<b>\$268,297,903</b>	<b>100.00%</b>

**Source:** State of New Mexico Department of Taxation & Revenue monthly distribution reports

(a) Data has been suppressed for purposes of taxpayer confidentiality. Information is suppressed when too few taxpayers are included in a category.

(b) Although the figures in the table have been derived from "NM\_FR003-500 Local Gov't Distribution Summary" issued monthly by the State, the State suppresses revenue information in certain categories, if release of the information would compromise the confidentiality of an individual taxpayer. Accordingly, the "Taxable Gross Receipts Tax" totals in this table will differ from those in other tables.

City of Aztec  
 Taxable Gross Receipts Payers by Industry  
 Current Year and One Year Ago

Schedule 8

	Fiscal Year 2015				Fiscal Year 2014			
	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts	Number of Filers (12 Mo. Avg.)	Percentage of Total Filers	Taxable Gross Receipts	Percentage of Total Gross Receipts
Ending 6/30								

(c) Effective January 2005, state legislation removed the state and local options gross receipts tax (GRT) from the sales of food and most health care services, by allowing retail food outlets and medical service providers to deduct qualifying food and health services from gross receipts reported to the NM Taxation and Revenue Department. However, municipalities and counties are "held harmless" and are reimbursed the local option GRT on these nontaxable items from the State of New Mexico. The financing of this reimbursement is provided by an increase State GRT of .5%.

**City of Aztec  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years**

**Schedule 9**

Fiscal Year	Residential Property	Nonresidential Property	Oil & Gas (Prod & Equip)	Total Taxable Assessed Value	Total Direct Residential Tax Rate	Total Direct Residential Tax Rate	Total Direct Oil & Gas Tax Rate	Estimated Actual Taxable Value	Taxable Assessed Value as a Percentage of Actual Taxable Value
2015	83,787,655	38,131,301	1,840,330	123,759,286	4.4440%	6.8680%	6.8730%	371,649,508	33.3%
2014	81,451,079	36,856,143	1,568,658	119,875,880	4.4810%	6.8730%	6.8730%	359,987,628	33.3%
2013	78,283,196	33,790,179	1,465,076	113,538,451	4.5710%	6.8730%	6.8730%	340,956,309	33.3%
2012	75,666,954	34,518,953	2,167,166	112,353,073	4.5870%	6.5090%	6.8730%	337,396,616	33.3%
2011	72,851,328	36,302,117	2,289,210	111,442,655	4.5550%	5.9410%	6.8730%	334,662,628	33.3%
2010	68,396,249	33,286,746	5,050,153	106,733,148	4.5700%	5.8730%	6.8730%	320,519,964	33.3%
2009	59,593,553	24,888,226	4,736,814	89,218,593	4.8600%	6.3240%	6.8730%	267,923,703	33.3%
2008	55,126,388	23,414,222	4,325,928	82,866,538	4.8020%	6.0090%	6.8730%	248,848,462	33.3%
2007	47,114,418	19,811,144	3,710,377	70,635,939	5.0880%	6.3120%	6.8730%	212,119,937	33.3%
2006	44,411,394	17,999,290	2,167,203	64,577,887	5.0310%	6.2560%	6.8730%	193,927,589	33.3%

Source: San Juan County Assessor

City of Aztec  
Property Tax Rates  
Direct and Overlapping Governments  
Last Ten Fiscal Years

Fiscal Year	Overlapping Rates														
	City of Aztec			San Juan County			Aztec Municipal District			San Juan College					
	Operating Millage	Total Direct Rate	State Debt Service	Operational	Water Reserve	Total County	Operational	Debt Service	Capital Imp	Total School District	Operational	Debt Service	Total College	Total Direct and Overlapping	
2015	Residential Commercial	4.444%	4.444%	1.360%	5.729%	0.500%	6.229%	0.258%	8.393%	1.849%	10.500%	3.113%	0.600%	3.713%	26.246%
2014	Residential Commercial	6.868%	6.868%	1.360%	8.000%	0.500%	8.500%	0.500%	8.393%	2.000%	10.893%	4.500%	0.600%	5.100%	32.721%
2013	Residential Commercial	4.481%	4.481%	1.360%	5.731%	0.500%	6.231%	0.260%	6.676%	1.862%	8.798%	3.114%	0.600%	3.714%	24.584%
2012	Residential Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%	0.500%	6.676%	2.000%	9.176%	4.500%	0.600%	5.100%	31.009%
2011	Residential Commercial	4.571%	4.571%	1.360%	5.810%	0.500%	6.310%	0.263%	8.448%	1.886%	10.597%	3.154%	0.600%	3.754%	26.592%
2010	Residential Commercial	6.873%	6.873%	1.360%	8.000%	0.500%	8.500%	0.500%	8.448%	2.000%	10.948%	4.500%	0.600%	5.100%	32.781%
2009	Residential Commercial	4.587%	4.587%	1.360%	5.826%	0.500%	6.326%	0.263%	8.448%	1.886%	10.597%	3.162%	0.420%	3.582%	24.521%
2008	Residential Commercial	6.509%	6.509%	1.360%	8.000%	0.500%	8.500%	0.500%	6.517%	2.000%	9.017%	4.500%	0.420%	4.920%	30.306%
2007	Residential Commercial	4.555%	4.555%	1.362%	5.767%	0.500%	6.267%	2.131%	4.567%	1.870%	8.568%	3.133%	0.600%	3.733%	24.485%
2006	Residential Commercial	5.941%	5.941%	1.362%	8.000%	0.500%	8.500%	0.500%	4.567%	2.000%	7.067%	4.500%	0.600%	5.100%	27.970%
2005	Residential Commercial	4.663%	4.663%	1.530%	5.925%	0.500%	6.425%	2.185%	4.640%	1.917%	8.742%	3.212%	0.600%	3.812%	25.172%
2004	Residential Commercial	5.817%	5.817%	1.530%	8.000%	0.500%	8.500%	0.499%	4.640%	1.996%	7.135%	4.500%	0.600%	5.100%	28.082%
2003	Residential Commercial	4.570%	4.570%	1.150%	5.812%	0.500%	6.312%	2.133%	5.497%	1.871%	9.501%	3.156%	0.600%	3.756%	25.289%
2002	Residential Commercial	5.873%	5.873%	1.150%	8.000%	0.500%	8.500%	0.500%	5.497%	2.000%	7.997%	4.500%	0.600%	5.100%	28.620%
2001	Residential Commercial	4.860%	4.860%	1.250%	6.567%	0.000%	6.567%	2.280%	2.997%	0.000%	5.277%	3.283%	0.600%	3.883%	21.837%
2000	Residential Commercial	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	2.997%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
1999	Residential Commercial	4.802%	4.802%	1.221%	6.451%	0.000%	6.451%	2.276%	2.967%	0.000%	5.243%	3.228%	0.600%	3.828%	21.545%
1998	Residential Commercial	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	2.967%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
1997	Residential Commercial	5.088%	5.088%	1.291%	0.674%	0.000%	0.674%	2.287%	2.366%	0.000%	4.653%	3.371%	0.600%	3.971%	15.677%
1996	Residential Commercial	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	2.366%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
1995	Residential Commercial	5.031%	5.031%	1.234%	6.627%	0.000%	6.627%	2.281%	2.375%	0.000%	4.656%	3.316%	0.600%	3.916%	21.464%
1994	Residential Commercial	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	2.375%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%

City of Aztec  
Schedule of Vendor Information for Purchases Exceeding \$60,000  
June 30, 2015

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract (net GRT)	\$ Amount of Amended Contract (net GRT)	Name & Physical Address per the Procurement Documentation, of ALL Vendors that responded	In State/ Out of State Vendor (Y or N) Based on Statutory Definition	Was the in-state and chose Veteran's preference (Y or N) For Federal Fund answer		Brief Description of the Scope of Work
							Y	N/A	
2014-396	Competitive	HO Construction	\$ 236,510.00	\$ 287,520.00	HO Construction 118 Llano Del Sur Albuquerque NM 87105 Sterling Brothers Construction PO Box 1119	Y	N	N	Martinez Trail Construction
2014-413	Competitive	Souder Miller & Associates	\$ 110,617.35	\$ 69,115.48	Aztec NM 87410 Sakura Engineering 606 E Diamond Farmington NM 87401 Souder Miller & Associates 401 Broadway	Y	Y	N	Multiple Arroyo Property Surveys
2015-418	Competitive	Pillar Innovations	\$ 297,332.00	\$ 297,332.00	Farmington NM 87401 Pillar Innovations Inc 24 Rd 1956 Farmington NM 87401 Alpha Southwest	Y	N	N	Water System Remote SCADA - Design/Build
2015-438	Competitive	Alpha Southwest	\$ 78,837.50	\$ 78,837.50	205 Rossmoor Albuquerque NM 87105 Apex Pinnacle Corp 16 Canal Street Port Crane NY 13833 ABC Concrete Mfg Co Inc 1004 S Lake Farmington NM 87401 Materials Inc	Y	N	N	Submersible Pump
2015-442	Competitive	ABC Concrete	\$ 60,400.00	\$ 60,400.00	PO Box 1507 Bernalillo NM 87004 Four Corners Electric Co. Inc 1213 Scholfield Lane Farmington NM 87401 MW Electric Inc PO Box 70 Aztec NM 87410	Y	Y	N	Highway Jersey Barriers
2015-443	Competitive	MW Electric Inc	\$ 76,362.90	\$ 76,362.90	Carreon Construction LLC 1009 17th St NW Rio Rancho NM 87144 TRC Construction Inc 789 Hwy 516 Flora Vista NM 87415	Y	Y	N	Lift Station Generator
2015-445	Competitive	Carreon Construction	\$ 68,999.18	\$ 80,393.79		Y	N	N	Sidewalk Curb/Gutter Improvements

City of Aztec  
Schedule of Vendor Information for Purchases Exceeding \$60,000 (Continued)  
June 30, 2015

RFB#/RFP#	Type of Procurement	Awarded Vendor	\$ Amount of Awarded Contract (net GRT)	\$ Amount of Amended Contract (net GRT)	Name & Physical Address per the Procurement Documentation, of ALL Vendors that responded	In State/ Out of State Vendor (Y or N) Based on Statutory Definition	Was the in-state and chose Veteran's preference (Y or N) For Federal Fund answer		Brief Description of the Scope of Work
							Y/N	N/A	
2015-444	Competitive	Wilson & Company	\$ 274,795.93	\$ 274,795.93	CHC Engineers 50 Valley Ct Durango CO 81301	N	N		Arterial Ph1B Construction Management Services (As Needed)
					DTF Engineering PO Box 1063 Kirtland NM 87417	Y	N		
					Wilson & Company 4900 Lang Ave NE Albuquerque NM 87109	Y	N		
					Blueline Construction Inc PO Box 28666 Santa Fe NM 87592	Y	N		
2015-464	Competitive	TRC Construction	\$ 222,580.00	\$ 222,580.00	Consolidated Constructors PO Box 629 Farmington NM 87499	Y	N		Aztec Arterial Ph1B Sewerline
					Total Contracting Services Inc PO Box 72395 Albuquerque NM 87195	Y	N		
					TRC Construction Inc 789 Hwy 516 Flora Vista NM 87415	Y	N		
					Consolidated Constructors PO Box 629 Farmington NM 87499	Y	N		
2015-486	Competitive	Consolidated Constructors	\$ 376,189.60	\$ 376,189.60	Oldcastle SW Group PO Box 16 Farmington NM 87499	Y	N		Simonds Road Reconstruction
					ACE Development PO Box 176 Aztec NM 87410	Y	N		
2015-481	Competitive	ACE Development	\$ 173,250.00	\$ 173,250.00	Four Corners Mechanical 28 Rd 5589 Farmington NM 87401	Y	N		Aztec Arterial Ph1B Material



## **OTHER DISCLOSURES**

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Commission  
City of Aztec  
and Mr. Tim Keller  
New Mexico State Auditor

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the general fund, and the aggregate remaining fund information, the budgetary comparisons of the general fund of the City of Aztec ("City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and the combing and individual funds and related budgetary comparisons of the City, presented as supplemental information, and have issued our report thereon dated December 14, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. 2014-001.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance. During our audit, we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**City's Response to Finding**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Albuquerque, New Mexico  
December 14, 2015

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND RESPONSES  
Year Ended June 30, 2015**

**2014-001 Segregation of Duties in IT Access Controls and Payroll and Cash Disbursement Control Cycles (Material Weakness)**

CONDITION: During our process of evaluating the control environment operating within the City during the FY14 audit, it was identified that the Finance Director had been designated as the City's financial software (American Data Group) administrator which allows the individual unlimited access to the entire financial reporting control cycle. It was further identified during the FY14 audit that the Finance Director and Accounting/Finance Technician had the ability to initiate, authorize, post the transaction within American Data Group and print a signed check for any payroll or cash disbursement.

During the fiscal year ended June 30, 2015 it was identified that the Finance Directors access to processing payroll and accounts payable was terminated in August 2014; however, access to accounts payable was re-added in March 2015 through July 2015 due to the loss of an Accounting Tech 1 position. In August of 2015 the administrative access was removed from the Finance Director and the access for accounts payable entry, user and menu admin was terminated for the Accounting/Finance Technician. Finally, in November 2015, access to payroll processing for the Accounting/Finance Technician was terminated. As a result of the finance director continuing to have administrative access during the fiscal year, accounts payable original entry access during 5 months of the fiscal year, and considering access to the Accounting/Finance Technician remained unchanged during the fiscal year, the finding has been repeated.

CRITERIA: AU Section 314, *Understanding the Entity and Its Environment and Assessing the Risks of Material Misstatement*, identifies that an auditor should evaluate segregation of duties in that the City has assigned different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets which assists in reducing the opportunities to allow any person to be in a position to both perpetrate and conceal errors or fraud in the normal course of his or her duties.

EFFECT: Access to processing a cash disbursement or payroll transaction in its entirety as well as having administrative rights is considered a segregation of duties violation as it gives an individual the ability to circumvent controls set up in the accounting software and causes risk for the City and payment of fictitious disbursements. The City is at a higher risk for a material misstatement or fraudulent activity as a result of the segregation issues.

CAUSE: It was identified that the Finance Director was given administrative rights as the individual was most knowledgeable as to what modules each newly hired individual would require to perform his or her assigned duties on a daily basis. It was further identified that the Finance Director and Accounting/Finance Technician have access to the entire cash disbursement and payroll transaction cycles as they were considered the backups for staffing shortages due to vacation or illness and due to the size of the overall finance department. Progress has been made on correcting the identified issues; however, the process begun during the fiscal year 2014 audit which commenced during fiscal year 2015.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
Year Ended June 30, 2015**

**2014-001 Segregation of Duties in IT Access Controls and Payroll and Cash Disbursement Control Cycles (Material Weakness) (Continued)**

RECOMMENDATION: As the administrative rights and payroll and cash disbursement processing issues have been addressed to completion in November 2015, it is recommended that the City develop a contingency plan in times when there are staffing shortages to avoid any required change to access during the time of the vacant position.

MANAGEMENT RESPONSE: As noted within the condition section of this finding, the IT Department and Finance Director worked on removing access during fiscal year 2016. Final termination of access was completed in November 2015. The City utilized the services of temporary employment until employee recruitment was completed. The temporary menu access was provided during the training period for the temporary and new employees to maintain the flow of accounts payable. In the future, should similar situations develop, menus will not be modified to provide access to original entry programs for payroll and cash disbursements. Cross training of accounts payable and payroll positions exists and each of those positions has the ability to process either accounts payable or payroll transactions. Access to system administration, including the addition of users and assignment of menu access, is controlled through the Project Manager and IT Department.

**STATE OF NEW MEXICO  
CITY OF AZTEC  
STATUS OF PRIOR YEAR FINDINGS  
Year Ended June 30, 2015**

**STATUS OF PRIOR YEAR FINDINGS**

<u>Description</u>	<u>Status</u>
2014-001 Segregation of Duties in IT Access Controls and Payroll and Cash Disbursement Control Cycles	Revised and repeated
2014-002 Gas Cards	Resolved

**STATE OF NEW MEXICO  
CITY OF AZTEC EXIT CONFERENCE  
Year Ended June 30, 2015**

The contents of this report were discussed in the exit conference held on December 10, 2015, with the following in attendance:

**Representing the City of Aztec:**

Sally Burbridge	Mayor
Joshua Ray	City Manager
Kathy Lamb	Finance Director

**Representing Axiom:**

Jim Cox, CPA	Manager
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The financial statements were prepared with the assistance of Axiom Certified Public Accountants & Business Advisors, LLC from the books and records of the City of Aztec.